# REPORT OF THE K.G.F. MINIMUM WAGE COMMITTEE.

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## CHAPTER I.

### INTRODUCTORY.

The Government appointed this Committee under the Mysore Minimum Wages Act to advise them regarding the fixation of minimum wages in the Gold Mining Industry. The following are the members of this Committee :—

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| 1. | *Rajadharmaprasakta* Sri C. Subrahmanya Aiyar, (*Chairman*). | |
| 2. | *Mushir-ul-Mulk* Janab Mohamed Imam, | Independent persons. |
| 3. | Sri V. Venkatappa. | |
| 4. | Sri L. Sundararaja Iyengar. | Representatives of Employees. |
| 5. | Sri S. O. Bagyanathan. | |
| 6. | Sri Rathnasabhapathy. | |
| 7. | Mr. Peter Best. | Representatives of Employers. |
| 8. | Mr. H. J. Skinner. | |
| 9. | Mr. T. Williams. | |

*Secretary* :—Sri T. Sadasivaya, B.A.

In Notification S.R. 5946—L.W. 97-48-4, dated 13th May 1949, *Rajadharmaprasakta* Sri A. R. Nageswara Iyer had been appointed Chairman of the Committee and Mr. D.H.McCall as one of the members representing the employers. Subsequently, by Notification L.S. 934—R.W. 84-49-2, dated 6th October 1949, *Rajadharmaprasakta* Sri C. Subrahmanya Aiyar was appointed Chairman in place of *Rajadharmaprasakta* Sri A. R. Nageswara Iyer who requested for relief. Mr. T. Williams was appointed as member in place of Mr. D. H. McCall.

The terms of reference as appear from Notification No. S.R. 5946—L.W. 97-48-4, dated 13th May 1949 (App. I), are as follows :—

"In exercise of the powers conferred by clause (*a*) of sub-section (1) of Section 6 read with Section 9 of the Mysore Minimum Wages Act, 1949 (XXIX of 1949), the Government of His Highness the Maharaja are pleased to appoint a Committee consisting of the above persons to hold enquiries and advise the Government regarding the fixation of minimum rates of wages and minimum workloads in respect of employment in the Kolar Gold Field Mining and Metallurgical operations."

The Committee held meetings on the 19th October, 28th and 29th November, and 6th and 7th December 1949, at Oorgaum; 20th and 21st December 1949 at Bangalore; 9th and 10th January 1950, at Oorgaum; 23rd and 24th January, and 4th February 1950, at Bangalore. The Proceedings are appended (App. II).

There are five Labour Associations on the Kolar Gold Field. The Nundydroog Mines Labour Association, the Oorgaum Mine Labour Association, the Champion Reef Mines Labour Association, the Mysore Mine Labour Association and the K.G.F. Electricity Department Labour Association. Messrs. John Taylor & Sons (India), Ltd., who are the Managers and Secretaries of the four mining companies and the K.G.F. Electricity Department represent the employers. The Labour Associations and the employers were requested to file full and detailed written statements for fixing minimum wages as also workloads. The written statements filed by the Labour Associations are appended (App. III series). They are all almost exactly similar. Their replies to the statement of the employers are also in App. III series. The employers have filed one common statement and a reply to the statements of the Labour Associations and these are in App. IV.

The members of the Committee visited some of the workspots underground in the Nundydroog Mines to get an idea of the working conditions of the labourers. They also visited the Fitting Shop in the Oorgaum Mines and some of the workspots on the surface and the Mysore Mine Metallurgical and Cyanide operations. They also visited some of the workmen's lines where they live and examined at random some 40 families to ascertain the average size and composition of a worker's family.

Mr. Sundararaja Iyengar raised at the outset the question if the employees of the Kolar Brick-Making Company, Limited, come under the terms of reference. The representatives of labour in the Committee held the view that as the Company supplied materials such as crucibles, etc., to the Mines and as it was also managed by John Taylor & Sons, Ltd., it was desirable that this Committee should fix minimum wages for this Industry also. The representatives of the employers on the other hand were of the view that as it was an independent concern and had no connection with Mining and Metallurgical operations, the employees thereof did not

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come under the terms of reference. The matter was referred to the Government requesting them to clarify the terms of reference whether the Kolar Brick-Making Company, Ltd., is included in the terms of reference or not. No reply has yet been received.

Next, Mr. Bagyanathan raised the question if the K G.F. Hospital employees come under the terms of reference. Employment in hospitals is not included in the schedule to the Minimum Wages Act, nor is it any process or branch of work forming part of Mining or Metallurgical operations. Consequently, employment in the Hospitals does not come within the terms of reference.

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## CHAPTER II.

### General Principles for the Fixation of Wages.

There is no statutory definition of minimum wages in the Minimum Wages Act, or in the statutes of other countries. There are no precedents for guidance in this country. No single underlying principle or consistent body of principles have been laid down by Wage Boards or Committees or Arbitration Courts in regard to fixation of minimum wages owing to lack of statutory guidance and the conflicting nature of the consideration which they have to take into account. As legislation itself has set up no definite standard for the wage to be paid, there have been, inevitably constant wrangling before Wage Boards as to the proper definition of a minimum wage, and rates fixed have generally represented compromises. Still, there are certain general principles which it will be useful to grasp.

The workers' share in the national wealth is wages. Its regulation is not a matter of individual bargaining exploiting the workers' need, but a question of equitable distribution of the national dividend. It must correspond to the cost of living and must also bear some relation to the actual wealth produced. There is nothing of greater interest to workers than wages which determine their standard of living. The ideal of improvement of wages and the standard of living of workers has been specifically declared by very high authorities.

In the preamble to the constitution of the International Labour Organisation, it is set forth that "the provision of an adequate living wage" and the "recognition of the principle of equal remuneration for work of equal value" are among the urgent requirements. In its constitution, recognition is given to "the solemn obligation to further programmes which will achieve the raising of standards of living; policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection". When signing the National Industrial Recovery Act, President Roosevelt declared "It represents a supreme effort to stabilize for all time the many factors which make for prosperity of the nation and the preservation of American standards. Its goal is the assurance

of a reasonable profit to industry and living wages for labour, with the elimination of the practical methods and practices which have not only harassed honest business but also contributed to the ills of labour". The Industrial Truce Resolution of the Industrial Conference of the Government of India in 1947 stated that "the system of remuneration to capital as well as labour must be so devised that, while in the interests of the consumers and the primary producers excessive profits should be prevented by suitable measures of taxation and otherwise, both will share the product of their common effort after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking". In the Constitution of India, this ideal is introduced as a directive principle of State Policy in Article 43 which runs thus: "The State shall endeavour to secure by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities, and in particular, the State shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas". The first step of implementation of this ideal in this country is the enforcement of the Minimum Wages Act.

The minimum wage movement came into prominence in connection with the agitation for the suppression of sweated industries and ameliorating the conditions of workers therein. Regarding the sweated industries and payment of low wages, Sydney Webb has stated: "It is undoubtedly true that the necessity of raising wages would increase their costs of production in some industries so considerably that many trades might completely be wiped out of existence. But the very fact that such trades could not pay their way when compelled to make adequate return for the services rendered to them would prove them to be parasites, the destruction of which would be to the ultimate benefit of the community". 'Mankind', says Emerson, 'is as lazy as he dares to be', and so long as an employer can meet the pressure of the wholesale trader or of foreign competition by nibbling at wages or cribbing time, he is not likely to take the intolerable toil of thought that would be required to discover a genuine improvement in the productive process. Unable to reduce

immediate costs by the time honoured method of wage reduction, he would be compelled to overhaul his methods and eliminate waste".

Though in the earlier stages, Boards were established for trades and industries in which workers were unorganized or only weakly organised and therefore lacked the necessary bargaining capacity, in recent times, the tendency has been to set up wage boards even for industries in which workers are organised.

The efficiency of a worker, it is undeniable, depends mainly on the level of his wages. High and low wages may be associated with high and low efficiency. The connection between the wage level and efficiency came to be known as the "economy of high wages". If a worker and his family live at a high standard of life, their health and their physique, mental condition, vigour and morale will be much higher than will be of a family which is poverty-stricken and undernourished. The wages should be such as to foster the growth of a greater sense of self-respect in the workers. It is stated that though wages in Ahmedabad textile industries are on an average much higher than in Bombay, in many cases as much as 25 per cent, the cost of production whether in spinning or weaving, is lower in Ahmedabad despite the higher wage rates, than in Bombay, thus proving that low wages do not necessarily mean economy in cost of production and that efficiency has been stepped up by increase in wages. (The Industrial Worker in India, by B. Shiva Rao, page 122.)

As a nation's standard of living improves with comforts and leisure, its people grow in efficiency of body and mind, desiring and producing more goods and rising in civilisation. The raising of the standard of living has been generally emphasised, and this means the raising of wages. Capable employers do not try to preserve profits by lowering wages if profits can be preserved in any other way. Being deprived of ordinary comforts leads men to work discontentedly and inefficiently.

The demand and supply theory of labour in its reaction on wages has a limitation. Wages cannot go below a certain level and the minimum wages of a bare subsistence has always been recognized. A workman, no matter how many idle men there are, cannot be paid less than the cost of food required to keep up the necessary strength. With no other source of food than his wages,

he could not continue to work for less if he wanted to do so. This lowest possible rate of wages must be high enough to support also a wife and some children, as otherwise population would decrease. The settled policy of the Miners' unions in England is to stop work rather than take less than the agreed minimum wage, and thus to force employers to restrict production if price falls too low to afford that rate of pay. That if one has to starve he may as well starve resting is sometimes asserted by a person who has no intention to starve at all. The best effect is that employers give up thought of saving from wages, and find their gain in use of better machinery, etc. (Getting a Living, by Bolen, page 330.)

Foreign experience shows that it is not possible to formulate a scientific or theoretical body of principles on which an absolutely accurate assessment of wage levels can be made. The Courts and Boards in Australia, Canada and England have established a relative and rough justice based on standards of reasonableness rather than an exact and absolute one. Regulation of wages is in the best analysis a problem of human relations.

In its modern form Minimum Wage Legislation originated in Australasia. Both the British and the American systems have followed to an extent the model established there. In Western Australia, the Boards have been required to see that the minima prescribed are sufficient to enable the average worker to live in reasonable comfort having regard to any domestic obligation to which the average worker would ordinarily be subject. The Tasmanian and Victorian Boards took as their standards for a considerable period the wages paid by the reputable employers. In the Commonwealth Court of Conciliation, Justice Higgins laid down in a judgment which has become famous as the Harvester judgment of 1907 that the basic rate for unskilled labour should be sufficient to meet the normal needs of the average employee regarded as a human being living in a civilised community. The Harvester Judgment was made up of food, groceries, fuel, rent and other expenditure amounting in all to 7 shillings per day or 42 shillings per week. Justice Higgins took as the basis of his standard of living estimates the requirements of a man, wife and three children. He explained that the living wage must provide not merely for absolute essentials such as food,

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shelter and clothing but for a condition of frugal comfort estimated by current human standards.

In New Zealand it is enacted that the basic rate of wages for adult male workers shall be such a rate as would in the opinion of the Court be sufficient to enable a man in receipt thereof to maintain a wife and three children in a fair and reasonable standard of comfort.

Governmental interference with the wage relationship has been useful and appreciated. Industry did not succumb in consequence of Governmental regulation of wages. Numerous employers who originally opposed the new system declared after about a decade of experience that business was not injured because they all were put upon the same basis as far as minimum wage payments were concerned. The minima established by Courts and Trade Board action have not tended to become maxima to any extent. The system has not resulted in lessening the efficiency of workers. Many employers have said that workers responded spontaneously to the improved rate of remuneration by increasing their efficiency and frequently the inability of a small irresponsible firms to pay the minima and survive has concentrated production within the more efficient, better equipped plants, with resultant increase in the value of productivity of the workers. (Economics of Labour, by Millis and Montgomery, page 285.)

In Great Britain public opinion against the evils of the sweating system stimulated the movement for governmental interference for regulation of wages. Trade Boards are appointed to fix minimum wages.

There has been no clear statutory definition of the principles to be followed in determining the wages to be paid to ordinary workers. The enactments merely say "In fixing minimum rates a Committee shall as far as practicable secure for able-bodied men such wages as in the opinion of the Committee are adequate to promote efficiency and to enable a man in an ordinary case to maintain himself and his family in accordance with such standard of comfort as may be reasonable in relation to the nature of his occupation". There are two broad considerations which enter into the determination of wage rates. The basic consideration is the necessity of securing that every normal worker shall be paid a rate which will yield a wage which avoids the reproach of sweating, in other words, a wage on which at least maintenance is

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possible. There are therefore minimum rates below which the wage ought not to be allowed to fall. The second consideration is that workers should be paid at rates more or less equivalent to the rates offered to workers in comparable occupations. But both these considerations operate within the general framework of the Board's estimate of the rate which the market conditions of the trade permit it to pay. But the precise weight to be attached to each of them is not susceptible of exact estimation. The decision has to be taken in the light of the best judgment of the Board. The only reasonable basis is that the nearer the Board can come to agreement the more likely the decision is to be right, and a sensible Board works towards the production of the largest measure of agreement both as to fact and as to inference. (I. L. O. Minimum Wage—An International Survey, page 131.)

The question of what the trade will bear, the relative strength of organisation on each side, the supply of, and demand for certain kinds of labour, the rates paid in allied trades, the rising cost of living, have all been factors influencing the wage determination.

Under the method of Trade Board procedure that has developed, the process of wage fixation has been largely that of bargaining with the appointed members acting as conciliators. By wage regulation the industrial efficiency of employers and employees has been stimulated. In the opinion of the Cave Commission one of the important consequences of the system of wage regulation has been the creation of an influence promoting industrial peace. Out of the meeting of men who realise that they represented interests that are antagonistic on some points and harmonious on others, out of the dickering and negotiation in which the personal factor is so important, there has come more appreciation of, and respect for, each other's viewpoint than could have been possible in the absence of this enforced negotiation.

In its general framework, the Canadian system of wage regulation has been patterned after those operative in Australia and England. The minima set up by the Boards have tended to coincide with existent minimum wage standards of the better paying firms. The view taken is that the function of the minimum wage administration is not to effect a general increase in wages, but rather to correct the unwholesome aberrations from the

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prevailing wage standards. The earnings of the lower paid workers have been levelled up substantially and sweating has been practically eliminated in the regulated industries. The minima have not become maxima but rather an increasing percentage of the women and girls have earned more than the minima as time has gone on.

In U.S.A. the laws of the States directed the Wage Boards, in setting the legal minima, to be guided by such considerations as would guide a court in a suit for reasonable value of services rendered where the services were rendered at the request of an employer without contract as to the amount of the wage to be paid, the wages paid in the State for work of a like or a comparable character by employers who voluntarily maintained minimum wage standards, and all other relevant circumstances. These directions accorded with the traditional method of Anglo-American law in applying the standard of reasonableness and made possible an exercise of the reasonable value principle to scale up the low wages paid by irresponsible firms to the average standard, and encouraged employees to evolve fair standards within the industry itself. In all of the "flexible laws", the primary factor, in general, which has to be taken into account in determining minimum wage rates is the minimum necessary to meet the cost of living and maintain health or to constitute a fair and reasonable return for the services rendered. Some also require that the rates shall be adequate for the protection of morals as well as health.

In those advanced countries where the national wealth and the standard of living are high there is not much difference between the living wage and the minimum wage. In Australia, the terms living wage, basic wage and minimum wage are almost synonymous.

The Fair Wages Committee have classified wages into three concepts, the living wage, the fair wage, and the minimum wage.

According to that Committee the living wage should enable the male earner to provide for himself and his family not merely the bare essentials of food, clothing, and shelter, but a measure of frugal comfort including education for the children, protection against ill-health, requirements of essential social needs and a measure of insurance against the more important misfortunes including old age. In India the level of the national income is so low at present that it is generally accepted

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that the country cannot afford to prescribe by law a minimum wage which would correspond to the concept of the living wage. That Committee next considered what should be the level of minimum wages which can be sustained by the present stage of the country's economy. They came to the conclusion that a minimum wage must provide not merely for the bare sustenance of life, but for the preservation of the efficiency of the worker and for that purpose the minimum wage must also provide for some measure of education, medical requirements and amenities. As regards the fair wage their conclusion was that while the lower limit of the fair wage must obviously be the minimum wage the upper limit is equally set by what may broadly be called the capacity of the industry to pay. Between these two limits the actual wages will depend on a consideration of the productivity of labour, the prevailing rates of wages, the level of the national income and its distribution, and the place of the industry in the economy of the country. The above analysis will help us in considering what should form the basis of the minimum wage and we may accept the basis as recommended by the Fair Wages Committee.

A question that arises in this connection is what is the extent of real wages of a worker necessary to adequately maintain socially desirable standards of living or to make possible the maintenance of livelihood consistent with decency and self-respect. What is the level of minimum social desirability? The standard of living is sometimes regarded as the quantum of goods and services which is considered necessary for decent existence. It is an essentially progressive thing conditioned by the social environment in which the individual lives. The standard of living has gone up even among labourers. What was considered as an adequate minimum standard years back is not so now. The cost of living of the labour population has gone up not merely on account of increase in cost of food, but also because the standard of living and requirements have gone up. Levels of living standards have been classified into four broad categories: (1) the poverty level, (2) the minimum of subsistence level, (3) the minimum health and decency (or subsistence plus) level, and (4) the comfort level.

1. *The Poverty Level.*—In the technical sense poverty indicates a distinct state of submergence the level at which family income even though expended with

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ordinary prudence is insufficient for physical upkeep. The earmarks of poverty are always apparent; undernourishment, overcrowding, deterioration of household equipment and clothing, liability to acute distress. Sickness or other emergencies increasing expenditure almost invariably throw families living at this level upon charitable relief.

2. *The Minimum of Subsistence Level.*—This is the standard that can be maintained when family income is sufficient for physical and material upkeep, but is insufficient for either major emergencies or any social pleasures costing money. In practice, families living at this level do enjoy a few social pleasures and summon a physician in the case of critical illness with the result that they are often found to be living under insanitary conditions, frequently they are undernourished and almost always they are overcrowded.

3. *The Minimum Health and Decency (or Subsistence plus) Level.*—Families living at this level have the income needed not only for physiological existence, but also for some elementary social necessities. Medical attention, car-fare, insurance, a modicum of recreation, clothing compatible with self-respect as well as to provide bodily protection, and elementary education for the children and some self-improvement requiring expenditure can be had without the necessity of taking it out of food. The level however is far from what contemporary thinking would regard as liberal.

4. *The Comfort Level.*—It represents the attainment of the highest class of wage earners. At the comfort level a family is able to live in a decent house or apartment modestly equipped and decorated. It has reasonably adequate funds available for such items as insurance, education, vacations, health maintenance and amusements. (Economics of Labour, by Millis and Montgomery, page 64.)

Probably what is called the minimum health and decency level (or subsistence plus level) would best be taken as the criterion of the minimum socially desirable standard of living. It has been stated in the Report of the Fair Wages Committee that the United Provinces Labour Enquiry Committee chose the subsistence plus level as the basis of what is called the minimum living wage. The Bombay Textile Labour Enquiry Committee, 1937, observed that no completely objective and absolute

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meaning can be attached to a term like the 'living wage standard' and it has necessarily to be judged in the light of the circumstances of the particular time and country.

Continuity of employment is a very important factor in determining wage rates. When periods of employment are intermittent, provision is frequently made that the wages shall be higher than the usual standard, to enable the employee to maintain himself during periods of involuntary idleness. Gold Mining in K.G.F. appears to be an occupation in which there is a very high degree of continuity of employment. This fact must also be kept in mind when fixing wages.

CLASSES OF WORKERS FOR WHOM MINIMUM WAGES SHOULD BE DETERMINED AND MONTHLY-RATED EMPLOYEES.

It is undoubted that the Minimum Wages Act applied to all daily-rated employees. The Labour Associations claim that this Committee should fix the salaries of all monthly-rated employees also who are not engaged by the Mining Companies on special agreement. It is contended on behalf of the employers that the classes of employees contemplated under the Act are the daily-rated wage earners, the working class and not those who are employed on monthly salaries or engaged in Supervisory categories. Employment above Assistant Foreman grade is monthly-rated and therefore governed by different terms of engagement. The salaries and emoluments of the supervisory and office staff categories have no direct relation to the minimum wage and other concessions that the daily-rated enjoy. It is stated that employees in class C in the schedule of wages become monthly-rated when they reach a wage of Rs. 3-13-0 per day and that employees in classes A and B may become monthly-rated at their option.

The term Wages as defined in the Act means remuneration payable to a person employed in respect of work done in his employment. The term Employee is defined to include one who does clerical work also. Under Section 3, Government is empowered to fix minimum rates of wages by the hour, by the day or by any larger wage period as may be prescribed. Thus there is nothing in the Act to prevent monthly-rated employees from coming under the scope of the Act and manual and clerical staff also would come under the Act. With regard to the classes of

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workers for whom the industries in regard to which wages should be determined, it is stated as follows in the Report of the Committee on Fair Wages at page 18 :—

"In regard to the question whether statutory machinery should be provided for the determination of fair wages of all categories of employees or some in an industry there is an amount of difference of opinion. While some are in favour of the statutory determination of fair wages for all categories and occupations in an industrial centre, others would restrict it to employees below the supervisory level. The representatives of workers were in favour of determination of fair wages for all categories of employees. After discussion the Committee came to the conclusion that in the initial stages in view of administrative and other difficulties, provision need be made for the fixation of fair wages only for categories up to the supervisory level".

In the Minimum Wages Act there is no limit mentioned as regards the wages of employees who would come under the scope of the Act. In the Mysore Labour Housing Act (1949) however, in the definition of working class the maximum limit of the income of persons coming under the scope of the Act is mentioned as Rs. 125 per month. Before the K.G.F. Pay Commission, the Non-Covenanted Officials' Association stated that they did not want their case to be considered by the Commission. In the circumstances it appears to be reasonable to fix a limit as regards the pay of the employees, for whom the Committee should fix wages on the analogy in the Labour Housing Act. We consider that the top limit of basic salaries of employees whose cases may be considered for the fixation of minimum wages may be fixed at Rs. 115 per month as they will include all those in the schedule of wages and those in the lower grades of office and supervisory staff.

## CHAPTER III.

### Consideration of Incidental Points. 124

The Labour Associations have raised in their statements a number of demands which are not pertinent to the fixation of minimum wages. In fact, the statements filed by them are similar to the statements filed by them before the K.G.F. Pay Commission in 1948, and the same matters have again been raised. Of these matters, we consider that the following have no bearing on the enquiry before us :—

(*a*) Service pay ;
(*b*) Payment on cessation of employment ;
(*c*) Privilege leave ;
(*d*) Contract system ;
(*e*) Holidays with pay ;
(*f*) Changes in standing orders ;
(*g*) Share in profits ;
(*h*) Technical schools ;
(*i*) Production bonus ;
(*j*) Highest remuneration.

Of the other demands some have only a remote bearing on the enquiry and some are relevant. We shall proceed to examine these demands and state our conclusions before taking up the subject of fixation of minimum wages.

### Rank Pay.

The Labour Associations in the schedules appended to their statements suggested various sums in addition to the daily wage in the case of higher ranks of labour as Rank Pay, *e.g.*, Annas 8 per day extra to a Maistry, Rs. 2 to a Head Maistry and Rs. 3-8-0 to a Foreman. It is not clear why a special allowance of this nature is claimed on account of a higher rank. These men will have been employed for these higher ranks mostly on account of their skill in work or experience or other qualifications. They may also be doing work entailing responsibilities greater than those of the workers in the lower grades. Even according to the schedule of wages (App. V) furnished by the employers these men with

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qualifications are given higher wages. These cases therefore come really under the principle of margin for skill, or partly for skill, partly for responsible work and partly for some other qualification. In prescribing margins for skill and other qualifications for the different grades of skilled workers in the industry, it is proper to give weight to existing margins for skill in the industry and to take as a guide the practices which have been established as the result of long years of experience. No one can understand the relative value of the grades of skilled workers better than those who are co-operating in the industry and the existing margins in most industries generally represent a fair index of the relative value of skill. It has been held by Wage Boards in many cases that usually the relative value of the different classes of workers and the extra wage that ought to be paid to each for extra skill may generally be safely left to the practice of the employer and the employed. In fact the classification of the workers into several categories as found in the schedule of wages is practically embodied in the statement of the Labour Associations though they have claimed extra amounts under several heads for the higher ranks of workers. Thus the rank pay which is claimed is really a margin allowed for skill or other qualifications and such a margin is recognised in the schedule of wages. Consequently, in our opinion rank pay need not be taken into consideration specially as an allowance.

### Health Pay.

Under the head of health pay a special allowance of Rs. 10 per mensem is claimed by the Labour Associations in the case of welders numbering about 20 to 30 on the Field. It is stated that welding causes injury to the eyes of the welder and therefore he must be compensated by means of a special allowance. The employers contend that eye-screens are provided to welders and they should be used and if they are used properly no harmful effect can ensue. It is also stated that no instance of injury to the eyes of welders have come to the notice of the companies' hospital authorities and there is no case for any special allowance. The Champion Reef Mines' Labour Association has claimed an allowance of Rs. 10 per mensem, as compensation to the workmen in the Mill and the Cyanide plants on the ground that the ear-drums of the mill workmen are subject to strain on account

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of tremendous and continuous noise which makes them deaf and that the workmen of the Cyanide plants actually come in contact with acids and gases which are injurious to health. The employers contend that there is no case for any such special compensation. It may be observed that no such special allowance was claimed before the Pay Commission on behalf of the workers at the Mill and the Cyanide plants. In an Australian case it has been stated by Justice Higgins that the dangers to body and health are distinctively relevant to the question of hours because the longer the time a man is subjected to the conditions underground, the greater is the risk that he runs, just as the longer the time one is under fire the greater is the chance of a bullet, and that it was his practice not to increase wages because of risk to body or to health, but such risk can fairly be considered on a question of hours. In another Australian case in which extra pay was claimed on the ground of an added risk to eyesight and health which attended clerical work done under artificial light, it was held that the claim must fall on two grounds, *viz.*, the impracticability of enforcing it and the inherent unsoundness of any principle which recognised the right of the employer to risk unnecessarily the employees' health in exchange for compensation. If unhealthy conditions are remediable they should be remedied and the employers cannot be permitted to compound a breach of legal or moral duty by a money payment. In this case, we consider that as the employers have provided eye-screens which ought to be used by the welders, no special allowance is called for, as it is stated there have been no cases of injury to eyes arising from this cause which have come to the notice of the Hospital authorities. No special allowance is necessary in the case of the workers in the Mill and Cyanide plants.

### Risk Pay.

The Labour Associations claim an extra wage of four annas per day for underground workmen. This claim is based on the risk alleged to be attendant on underground work. In the schedule of wages of the Companies an underground worker is paid four annas more per day than the corresponding surface worker, the lowest wage for an unskilled worker (underground) being Rs. 1-1-0 while that for a similar surface worker is Re. 0-13-0. There can be no doubt that the risk of

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accident in employment underground is greater than on the surface. It seems obvious that other things being equal employees will choose to enter occupations in which the risk of accident is slight, rather than one in which the risk is much greater. As the risk is fairly general in underground work it may be taken into consideration. It is in our opinion sufficiently compensated for by the extra four annas per shift usually allowed for underground work.

As regards the mental and physical strain in regard to underground work, we are of opinion that underground workers generally are required to do a good-day's work but that this work is not of such a nature as to involve the expenditure of an undue amount of physical energy. It may be safely assumed that the managements of Mines will not, as they value efficiency, give their employees more to do than they can efficiently deal with.

## Heavy Work Pay.

In the schedule of wages appended to the Labour Associations' statement, a sum of Rupee one per day extra is claimed as heavy work pay in the case of hammermen in the Engineering workshop. No reason is given for this claim.

Extra pay is not usually given on account of comparative laboriousness of some kind of work.

Justice Higgins states if work is light, men are expected to do more of it in a given time. The strain is equalised in the course of the day. Although extra wages will not be prescribed for different kinds of laborious work, the weight of materials which employees have to handle in the ordinary course of their work will be limited, if it is necessary in their interest to do so.

It was stated by Mr. Skinner that all heavy hammering work is done by air-operated hammers and that hammermen very seldom are called upon to work with excessively heavy hammers. In our opinion there is no case for any special allowance for hammermen.

## Dress Allowance.

The Labour Associations demand that surface workers should be given an annual dress allowance of Rs. 15 and underground workers Rs. 20. It is also demanded that

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uniforms should be supplied to drivers in the Motor Transport. It is stated by the employers that a dress allowance of Rs. 6 per annum was introduced in 1941 as part of the Safety First Campaign to protect underground workers from minor injuries. The dress required is pants and shirt. It was increased to Rs. 10 in 1947 and it is considered adequate for two sets of pants and shirts in view of the reduced price of cloth. It is also stated that special dress is unnecessary for the safety of surface workers and therefore there is no necessity for a dress allowance. Motor Transport Drivers are being given two sets of uniforms every year free of cost by the Companies. The K. G. F. Pay Commission has stated "the reason for giving underground workers dress allowance is that the workers were required to provide themselves with such dress as will ensure their safety when working underground. If therefore the dress allowance is given for safety purposes, the same principle cannot be made applicable to surface workers. We are not aware of any industrial concern giving such dress allowance to surface workers." The Committee agrees with this view. They also consider that it is not necessary to increase the dress allowance. Messrs. Sundararaja Iyengar and Bhagyanathan however consider that the allowance may be increased to Rs. 12.

### Scavenging Allowance.

The Labour Associations demand that scavengers should be given in addition to their pay a monthly allowance of Rs. 10 each. The employers contend that the scale of this request has no parallel in India and that the family income of scavengers may be considered as the highest of any class of labour. This allowance is demanded by the Associations as scavenging is a sort of work which a man with a developed conscience of his own human dignity is not likely to take up.

There are about 1,200 sweepers employed in the Mining area. In the Sanitary Board area male sweepers and scavengers get about Rs. 30 to Rs. 34 per month and females Rs. 27 to Rs. 30. In Bangarpet Municipality they get even less. Compared to the wages in the Sanitary Board and the Bangarpet Municipality, the sweepers and scavengers on the Mines get fairly high wages. Generally in a sweeper's family most of the members (men, women and boys, all) are earning. We are therefore

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of the opinion that no special allowance is called for in their case. Messrs. Sundararaja Iyengar and Bhagyanathan state that scavengers may be paid an allowance of Rs. 5 extra per month.

### Night Shift Allowance.

The demand of the Labour Associations is that every employee should get an addition of two annas to his daily wages for night shift work. The employers contend that there is no precedent for such allowance on any mine in any part of the world as far as they are aware. The demand is made on the ground that it is unnatural for a man to work at night when he should be taking rest. To people not long accustomed to night work, the weariness it causes is much greater than that of day work reducing the workmen's product per hour. Night time is nature's rest time of quiet and peace.

There are three shifts and each man gets night shift for a week once in three weeks. About 2,060 men work on night shift on an average at a time out of 21,000 workmen, *i.e.*, about 6,200 men get night shift in the course of three weeks. Pumping, hoisting work, shaft sinking, blasting and development work are done at nights also. It is stated that in the peculiar nature of the mining industry, continuous work (including night) is unavoidable. We consider that night work is part of the job and no special allowance is called for.

### Attendance Bonus.

The attendance bonus which is a sort of allowance paid to a worker who is regular in attendance appears to have been Rs. 4-8-0 per month, till 1946. Thereafter, Rs. 3 got merged in the wages and Rs. 1-8-0 per month is being given as attendance bonus. This is given to all the workers earning less than Rs. 3 per day and it is an incentive for regular attendance. There are also certain anomalies in its working. The general view of the members is that the attendance bonus of Rs. 1-8-0 per month is not enough to serve as an inducement or an incentive to regular attendance and does not serve its original purpose.

It is stated that the number of workers earning attendance bonus underground averages 70 per cent and on surface 88 per cent. It is the opinion of the Committee that this attendance bonus may be abolished and

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this may be taken into consideration while fixing the minimum wages.

### Benefits and Amenities.

The employers have provided housing for about 76 per cent of their employees. A well-equipped Hospital and Maternity Homes are being maintained for medical relief to the workers and their families. Considerable attention is devoted to cleanliness and sanitation. The employers lay considerable emphasis on the welfare of the workers. Benefits such as leave pay, sick pay, provident fund, clothing allowance, etc., are provided. Subsidised rationed food articles are sold cheaper to the workmen. As regards the assessment of the value of the benefits in connection with wage fixation, the following observations of the Fair Wages Committee are pertinent—(Page 16 of the Report).

"Though several employers in other countries particularly in the United Kingdom have organised extensive schemes of welfare work such as provision for medical relief, canteens, dining halls, creeches, etc., we were not aware of any wage fixing machinery in the United Kingdom or elsewhere which has taken into account the money value of the benefits received by the workers. Before a wage fixing machinery decides to make any allowance for benefits statutory or otherwise granted to workers, it must examine the nature and extent of those benefits. Where benefit goes directly to reduce the expenses of a worker on items of expenditure which are taken into account for calculation of the fair wage, it must necessarily be taken into account in fixing the actual fair wage payable. Where, however, a benefit has no connection with the items of expenditure on which the fair wages is calculated, it cannot naturally be taken into account".

Consequently these benefits and incentives such as attendance bonus, production bonus, welfare work, canteens, etc., cannot be taken into account. House rent can be deducted under the Minimum Wages Act and cash value of food concessions will be considered under dearness allowance.

It is stated that it costs the companies about 8·28 annas per shift (*i.e.*, per workmen per day) on the average for special allowance and welfare services. This is an appreciable amount.

## Sickness Insurance.

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It is claimed by the Labour Associations that an employee on being treated for any sickness, injury or indisposition in the Companies' hospital or any Government hospital shall be entitled to receive sickness pay for the period of such medical treatment irrespective of the fact that he is entitled to receive compensation for injury. It is also claimed that if an employee is unfitted owing to Silicosis or Tuberculosis he must be paid an amount equal to 180 days' wage for further treatment of the disease in addition to the compensation. This matter is not pertinent to Minimum Wage fixation. This really comes under the provisions of Employees' State Insurance Act, if that Act is applied to the Gold Mining Industry. The only point which is somewhat distantly connected with this is the amount that has to be allowed for medical treatment if any, for the worker and his family in computing minimum wages. The employers have provided a well-equipped hospital to which all their employees resort for medical treatment in the case of sickness. The companies are also maintaining Maternity Homes. As regards their families there is a Government General Hospital where treatment is free. It is doubtful if the average worker spends anything on private medical treatment.

Any compensation for shortening of life through mining must be made by way of special payment to persons affected and not by general increase in wages. In regard to miners' phthisis, payment for injury should be made by way of compensation when an injury actually occurs rather than in the wage which is paid to each employee.

## Periodical Increment.

The demand of the Labour Associations is that every employee should get an annual increase in his pay at the rate of 10 per cent of his minimum grade pay. The employers contend that the rates of increment claimed are exorbitant and that the existing bi-annual increments on a graduated scale are equitable and adequate.

As observed by Radhakamal Mookerjee in his book "The Industrial Working Class" at page 67, a properly devised plan of promotion paying consideration to both efficiency and length of service has been found by

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experience in the advanced industrial countries of the World to promote the workers' efficiency and loyalty to the industrial establishments and systematic promotion based upon merit is needed to induce the workmen to take a long range view. Progressive improvement in wages will depend on improvement in the economic conditions of the country generally and of the industry concerned in particular." This is a matter for arrangement between the employer and the employees. This Committee does not fix anything but the minimum wage; and this does not preclude the possibility of the employer paying higher than the minimum rates of wage to individual employees for efficiency and merit.

The subject of periodical increments is not really within the scope of this Committee which has to fix only minimum rates of wages and not maximum rates of wages. Unless the maximum rates are also fixed, the periodical increments cannot be fixed. The employers are however agreeable to the continuance of the present biennial increments on a graduated scale though the minimum daily wage has been raised by three annas. They have agreed to raise the maximum also of the present scales by three annas so that the workers will not be prejudiced in regard to increments. A statement showing the incremental scale on the basis of the minimum wage fixed by the Committee is in Schedule I (b).

## Provident Fund.

The Provident Fund scheme has taken the place of the old Service Gratuity Scheme and came into force on 1st January 1946. It is compulsory to all the workers in the Mines employed after that date. Almost all the employees on the Mines are now contributing to this scheme. Each employee is contributing 6¼ per cent of his monthly pay, *i.e.*, one anna in the rupee and the employers contribute an equal amount to the provident fund. The Labour Associations claim that the employee must be made to contribute 10 per cent of his pay to the Provident Fund and the employer should also contribute an equal amount. The employers contend that 6¼ per cent, *i.e.*, one anna in the rupee has been found to be a most common contribution rate adopted by many industries and Government Departments and that it is adequate. The scheme has been started only a few years back and in most of the industries of the State, the

contribution is only one anna in the rupee and in the present circumstances, this rate appears to be adequate, in the opinion of the Committee, and may be continued. The question of increasing the Provident Fund rate is not really within the scope of this Committee's work. The employees' contribution to the Provident Fund has of course to be taken into account in fixing the minimum wage, as this is an item of necessary expenditure.

### Cash Value of Rations Supplied.

It is stated by the employers that the cash value of rations issued at special rates works to Rs. 2-9-9 per month per worker, and this concession is granted to all the workers. Food is purchased by the Companies from the Government Depots at controlled rates and sold cheaper to the workmen. All the workmen get the benefit of this. This concession is in addition to the dearness allowance and has to be taken into consideration in connection with the question of dearness allowance.

In the Central Pay Commission Report it is stated as follows at page 47 :—"In the Railways and in some of the provinces, we understand there is in vogue some kind of supply of commodities at rates cheaper than market prices. Such supply has no doubt the advantage of securing that the worker obtains the constituents of his standard of living instead of having to struggle for them with others, possibly finding himself unsuccessful in the end. So long as any concessions in the matter of supply in kind are allowed, the estimated monetary value of such concessions shall be deducted from the dearness allowance."

### Women's Wages.

It is normal for men to marry and to have to support families and provision should accordingly be made for this when fixing the minimum wages. It is not normal for women to have to support dependants. The principle when fixing the minimum wage for a woman is that the wages should be sufficient to enable her, to live in a decent dwelling and to maintain herself in a stage of full physical efficiency with a reasonable margin for recreation and contingencies.

(The Human Needs of Labour by Seebhom Rowntree, Page 105.)

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The Courts under the National Industrial Recovery Act (U.S.A.) set sub-minimum rates for such groups as female workers, learners, apprentices and office boys and girls. If wages are based on the value of services rendered there could be no justification for discriminating between the sexes in regard to remuneration. But wages are artificially based on the needs of an average worker who has a family to support. The principle "equal pay for equal work" must be distinguished from the principle "equal pay for sexes." The average woman has only herself to support and her needs are less than those of the bread-winner.

(Fixation of Wages in Australia by Anderson, Page 396.)

In Australia a female basic wage is fixed at 50 per cent to 54 per cent of the male basic wage. The Fair Wages Committee state as follows (page 23 of the Report).

"Where employment is on piece-rates or where the work done by men and women is demonstrably identical, no differentiation should be made between men and women workers, regarding the wages payable. Where, however, women are employed on work exclusively done by them or where they are admittedly less efficient than men, there is every justification for calculating minimum and fair wages on the basis of the requirements of a smaller standard family in the case of a woman than in the case of men."

Women are now given a minimum of 9 annas per day. They are not employed to do any strenuous work. They are mostly employed as sweepers in the Sanitary Department and some are employed to do fetch-and-carry work on the surface. We consider that the present wage is fair subject to such increase as may be given while fixing the minimum wages.

### Apprentices and Boys.

There is no system of apprenticeship as such in the Mines. Sons of employees are however admitted for training in the Mines workshops. These trainees are called apprentices. They are graded and paid from 6 annas to 14 annas in the course of five years. The apprenticeship period counts for service.

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Persons between 15 to 17 years are treated as boys and are paid 8 annas to 12 annas. The system may continue subject to such increases as may be given when fixing minimum wages.

### Motor Transport Drivers.

Motor Transport Drivers get a wage of Rs. 1-3-0 to Rs. 1-10-0 per day and they are included in the schedule of wages. It is claimed by the Labour Associations in the schedule to their statements that a motor transport driver should be paid Rs. 100 per month plus dearness allowance. No reasons are given for this high claim. We see no ground to take them out of the schedule of wages.

### Working Hours.

The Labour Associations demand that the working hours of the mine worker should be reduced to 6 hours per shift. The employers state that the reduction in the working hours underground from 8 to 6 per shift would be detrimental to output and that the demand cannot be conceded as the Factories Act provide 8 hours for a shift. In regard to this demand the K.G.F. Pay Commission has stated as follows :—

"The number of working hours for surface worker was reduced from 9 to 8 hours in 1946-47 by the Management. Even in the Factories Act 8 hours is prescribed for a shift. We do not see any reason for reducing the hours of work from 8 to 6 hours for surface workers. With regard to underground workers it has been brought to our notice that though the shift is for 8 hours the actual period during which the worker is at his work-spot is only 5 to 6 hours because the remaining time is taken for taking him to the workspot and hoisting him up to the collar of the shaft. We do not think therefore that any reduction is necessary in this case."

It was explained that roll call commences for the first shift at 6 A.M. or 6-30 A.M. and the last man goes down at about 8 A.M. or 8-30 A.M. To avoid delay, they start hoisting at 1-30 P.M. The man who goes down first is first up. From the time a worker passes through the roll call at the shaft head the shift is supposed to commence for him, and it is at an end when he reaches the shaft head on hoisting. A shift works to 8 hours from bank to bank on the average. Ordinarily there is

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no delay in hoisting. If there is delay by break-down of a hoist, etc., the men are paid for the delay. It is stated that unofficially about 20 minutes or half an hour per shift is allowed for drinks and tiffin.

The average hours of work for metalliferous mining in America is 43·9. In Australia the 8-hour day had become established by collective agreement and in some of the States 44 hours per week.

In England the average hours of work for mining is 46·3 hours per week.

In Canada for metal mining the standard hours per week is stated to be underground 48, surface and mill 48 to 56 hours per week, and in British Columbia 44 hours per week. The average hours of work for metal mining in Canada is 47·8 per week.

(Wage rates and hours of Labour in Canada issued by the Department of Labour, 1947).

"Since the middle of the 19th century, few ideas have played more prominent part in the economic, the orizing of wage earners, or have been adhered to with more tenacity and profound affection, than that reduction in the length of the working week will increase their real income and reduce the volume of unemployment. 'Whether you work by the piece or the day, decreasing the hours increases the pay'. The reasoning underlying this oft-repeated trade-union doggeral has varied from time to time. The particular brand of theorizing has changed largely according to the dictates of expediency, but through it all labour, even while elaborating and carrying much further its theory of shorter hours, has adhered to certain basic notions".

(Economic of Labour—Millis and Montgomery, Page 493).

There is however a limit to the demand for reduction of working hours as it is evident that there is some point at which further reduction of hours fails to increase or maintain daily or weekly output.

The absurdity that would arise from the popular argument for shortening the workday if pressed to extremes is well stated by Bolen in his book "Getting a Living" at page 425.

"The most popular argument for shortening the workday, one which is generally urged by labour leaders, is that shortening the day will employ the idle, will make

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the surplus labour scarce, and hence will enable unions to enforce demands for higher wages. It is said that in a trade of 150,000 men a change from 10 to 9 hours would make jobs for 15,000 more; that with an employer having 1,000 hours of work a change from 100 men at 10 hours to 125 at 8 hours would increase demand for labour 25 per cent. President Walker asked 'Why not work but one hour a day and increase labour demand 900 per cent?' The extra demand would be for more men, not for more labour. The employer would still have only the same 1,000 hours for which to hire. His product, whether produced by few or many, has a value he cannot change. By this value wages are held inflexibly, and it is fixed by what buyers think about it, and not by what the seller claims they ought to think."

From the economic point of view, the lowering down and hoisting of men must go on simultaneously, as one cage goes down with workers, the other must come up with workers. The hours of work are not less than 8 hours per day in all parts of India and this is what is prescribed in the Factories Act also. In the circumtances and conditions obtaining at present in the country there is no ground in our opinion for changing the hours of work per working day from 8 hours and any reduction will be extremely detrimental to the industry and uneconomical.

Mr. Sundararaja Iyengar however who has no objection to 8 hours work for surface men, suggested 7 hours work for underground workers.

Mr. Bhagyanathan agrees to 8 hours work for underground work also, but says that it must not exceed 8 hours when he comes out. He says that if a worker is at roll call at 6 A.M. he must be free at shaft head at 2 P.M., and if there is delay it should be treated as overtime. He also suggested that night shift underground should be 7 hours.

### Overtime.

The Labour Associations demand that every hour worked overtime or on a holiday must be counted as two hours for the sake of overtime payment.

The employers contend that overtime is worked only whenever necessary and is paid for at 1½ times the basic wage which rates Associations themselves accepted as reasonable in 1946 when the new wage schedule was

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agreed upon and there is no valid reason why it should be increased.

The K.G.F. Pay Commission has stated "With regard to overtime the recent amendment of the Factories Act has provided for the payment of double the usual wage for overtime. Though the Factories Act is not applicable to the Kolar Gold Mines, we feel that it is desirable the Management may adopt that principle."

The employers' representatives state that in mining, it is necessary to call a certain number of key persons to do overtime work. Factories do overtime work because they want to execute special orders in quick time, there is profit to the concerns by doing overtime and they therefore do not mind paying double the normal rate of wages for overtime. But overtime in mining is on a different footing. Surface and underground work in the mining industry entails of necessity certain maintenance work on machinery and shaft which can only be done on holidays and shut down days and therefore the industry is obliged to employ a large number of employees overtime. As necessities call for overtime work in mines and not profit, the Wage Bill on overtime in mines should be at a lower rate. Overtime at present on the K.G.F. is $1\frac{1}{2}$ times the basic wage excluding dearness allowance and it is urged that this arrangement should continue.

Overtime should be avoided whenever possible. The Central Pay Commission has observed (page 59 of the Report):—"Officers should be instructed to avoid detaining the staff in the office till late hours by reason of any individual vagaries. It must be made a rule that staff must be so detained, if at all, only under the written orders of the head of the office or some other responsible officer; the existence of such a rule will itself serve to prevent unnecessary detention of the Staff".

As regards the rate for overtime the Central Pay Commission has stated (at page 60):—"We do not think that the general claim for twice the normal rate for all kinds of work is justified. In some cases especially in the case of clerical work, a mere time-rate for the extra hours will probably suffice. In certain other cases, one and a half times the normal rate will be reasonable. Where the overtime work involves special strain or exceeds a certain limit or involves prolonged employment during the night, the compensation may go up to as much as twice the normal rate."

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Under the Factories Act as amended by Act XIX of 1947, the overtime rate is twice the ordinary rate of pay. In Canada and U.S.A. overtime is ordinarily time and one half. In Factories, the pressure of overhead cost, the depreciation of capital equipment, the danger that materials will spoil, the seasonal pressure to fill orders, encourage overtime work. In many cases, also, overtime work is desired by the workers, because it carries with it larger earnings. But in Mines overtime is done not for increasing production. Ordinarily it is done only in cases of emergencies such as break-downs, rockbursts, etc. In view of the peculiar nature of the mining industry and the necessities that arise for overtime work we consider that the wage bill on account of overtime should not be increased and that the present rate for overtime at time and one half may continue. It is implied from Section 14 (2) of the Minimum Wages Act which saves the operation of the overtime provisions of the Factories Act to cases where those provisions are applicable, that the Government can fix lower overtime rates for other cases not coming under the Factories Act.

The next question is whether the overtime rate is to be calculated on the basic wage only or the full wage including dearness allowance.

Under the Factories Act a worker is entitled for overtime to pay at the rate of twice his ordinary pay. "Pay" means wages or salary for work or services, and "Wage" means a compensation given to a hired person for services. (*Vide* Webster's Dictionary.) A worker for every day of his work gets not only his basic pay, but also dearness allowance as compensation for his services. Thus under the Factories Act, overtime, it would appear, has to be calculated on wages including dearness allowance.

Under the Minimum Wages Act, Section 5, the minimum rate of wages fixed or revised may consist of a basic rate of wages and a special allowance at a rate to be adjusted to accord as nearly as practicable, with the variations in the cost of living index number applicable to the workers. Under Section 3 (2), the Government is empowered to fix a minimum rate of wages for time work (a minimum time rate) and in regard to overtime, it may fix a minimum rate to apply in substitution for the minimum rate which would otherwise be applicable in respect of overtime work. Thus reading Sections 3 and 5 together, it may be interpreted that the overtime has to

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be calculated on the basic wage *plus* the dearness allowance. The method adopted at present in K. G. F. is to calculate the increased rate for overtime only on the basic wage and add to the amount so calculated the proportionate amount of dearness allowance at the normal rate. (*Vide* Rule 8 of Rules prefixed to the schedule of wages). This method of calculating overtime may be given effect to under Section 3. The Government in fixing overtime rate may provide under Section 3 that the overtime wage will be 1½ times the basic rate of wages and that the dearness allowance for the overtime period calculated at the ordinary rate will be added to this. It will be possible to work this only if the minimum wage is fixed into two components as basic wage and cost of living allowance. But it will not be possible to work this if the Government fixes the minimum wage under Section 5 (1) (iii) as an inclusive rate allowing for the basic wage, the cost of living allowance and the cash value in respect of supplies to the workers. A concrete example will explain this :— If the basic wage is Re. 1 per day, cost of living allowance Re. 1 and cash value of supplies (if given) is Re. 0-4-0 and these are fixed separately as a constituting minimum wage, under Section 5, it will be possible to calculate an overtime rate which is fixed as 1½ or 2 times the basic wage. But if the minimum wage is fixed as a consolidated amount of Rs. 2 or Rs. 2-4-0 inclusive of all the components, the basic wage is not separately ascertained and this method of fixing overtime will fail.

It is learnt that in the Bangalore Woollen, Cotton and Silk Mills Company, Ltd., overtime is calculated on the basic wage. Our proposals are to fix the basic wage, cost of living allowance, and cash value of food concessions as separate components of the wage under Section 5. Dearness allowance is granted for increased cost of living above the basic cost. Consequently there is no good reason why cost of living allowance should also be increased proportionately for overtime, as cost of living for that particular day remains the same whether overtime be done or not. We are therefore of opinion that overtime be calculated at 1½ times the basic wage and that dearness allowance in proportion to the overtime at the normal rate be added on to it.

Messrs. Sundararaja Iyengar and Bhagyanathan are for giving overtime at twice the basic wage and dearness allowance taken together.

## Piece-work Rates.

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Piece-work rates are usually fixed at such an amount as will enable the average competent piece-worker to earn at least 10 per cent more than the minimum time-rate for the class of work to be performed. The time-rate is in the case of unskilled work, the basic wage and in the case of semi-skilled work, it is the basic wage *plus* the appropriate margin for skill or other qualifications. The earnings of piece-workers are higher in some cases much higher than those of time-workers engaged in similar work. Under the task system a certain task is set for the minimum wage. The task rates are fixed so as to enable the average worker to earn the minimum wage prescribed for the class of work to be performed. Any work done in excess of the task is paid for extra.

(Fixation of Wages in Australia by Anderson, Pages 462 and 468).

The basis of any good piece-work system should be so simple and workable as to be easily understood, provide a reward commensurate with the labour, skill, effort, risk and responsibilities involved and ensure a fair wage in relation to the general level of wages in the District. It should be as equitable as possible between the employer and the employee. To protect the worker against loss of wages by causes beyond his control a piece-work schedule should provide a minimum guaranteed wage or "Fall Back Pay."

(Indian Labour Problems by Agarwala, Page 64).

Under the Minimum Wages Act, there is power under Section 3 to fix a minimum rate of remuneration to employees on piece-work so as to secure them a minimum wage on a time work basis.

The piece-work system or the system of payment by results has been expressed to be of great benefit to the country and to the employees as it will increase production.

Mr. Best says that Hand-Jumper men do work on the piece-work system. There is a special schedule with regard to it. The number of such workers are about 672. The average earnings per month of Hand-Jumper men on the piece-work system is over Rs. 40 exclusive of dearness allowance. This appears to be satisfactory. Since the minimum wages are increased, that increase will have to be reflected in the minimum piece-work rate.

## Workload.

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Under Section 4 of the Minimum Wages Act, the Government may fix minimum workloads. When we speak of a wage rate we usually refer to the amount paid to the worker per hour, per normal working day, and for performing a certain job. To measure work according to its duration may not be an accurate measure of the amount of work in the sense of the labour power or physical energy expended by the worker. Nevertheless, wage rate per hour or per piece can be taken approximately representing the price of working energy expended by the wage earner.

In regard to workload the Labour Associations state that this is not the opportune moment to impose any workload. In many departments, it is virtually impossible to fix any workloads and that any arbitrary imposition of workload may lead to harassment of workers by their bosses and consequent unrest.

In the statement of the employers it is stated as follows :—

"It is assumed that this means the minimum amount of work which is to be done in a given time for a fixed wage rate. The diversity and the nature of the operations which composes the mining and metallurgical industry are such that they preclude the fixing of standard workloads, although by practical experience, an approximate assessment of the time required to execute certain operations can be made.

The Fair Wages Committee observe as follows at page 12 of the Report :—

"The written evidence received by us emphasises the need for institution of proper time and motion studies if production standards are to be prescribed scientifically. It has also been stated that it is very difficult to fix standards of production except in cases where jobs are somewhat standardised or work is done under the piece-rate system. Two organisations of employees stated that they would be quite willing to have such standards fixed scientifically and would support allotment of fair load of work in return for fair wages. They, however, stated that for the immediate purpose of fixing a fair wage the application of standards is not a practical proposition. We are of opinion, that the wage fixing machinery should relate a fair wage to a fair load of work and that in case of

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doubt whether the existing workload is reasonable or not, proper time and motion studies should be instituted on a scientific basis."

Both Labour Associations and the employers are of opinion that it is not practical at present to fix workloads. We are therefore unable to recommend minimum workloads at present. We are of opinion, however, that proper time and motion studies should be instituted, on a scientific basis and done by experts who are trained in some system of time and motion studies so as to enable workloads to be fixed. It should be done in such a manner that will satisfy the workers, that things are being done on a systematic basis.

## CHAPTER IV.

### Fixation of Minimum Wages.

(i) *Method of Wage Fixation and Adjustments* :— Due to various causes, the value of money, the price and cost structure are all in flux and will remain so during the period of transition. If minimum wages are fixed in terms of current prices, the wage structure will assume rigidity at a time when a high degree of flexibility is necessary to meet quickly changing conditions. It is therefore desirable to fix basic wages in terms of pre-war prices and provide for sliding scales of dear food allowances.

Though the terms minimum wage and basic wage are loosely used as if they are synonymous, there is a distinction between them as found in the Minimum Wages Act. According to Section 5, a minimum wage consists of a basic wage, the cost of living allowance (dearness allowance) and cash value of concessions in respect of supplies. The minimum wage is the total wage that a worker gets at present inclusive of dearness allowance. The basic wage is the wage that is fixed in terms of pre-war prices and does not include the dearness allowance.

In regard to the fixation of the minimum wage, we propose to follow the course recommended by the Central Pay Commission and endorsed by the Fair Wages Committee. The Central Pay Commission have stated as follows (pages 12 and 13 of the Report) :—

"Present prices are the outcome of factors some of which are exceptional and temporary, while others may be expected to continue in operation for a length of time even during the post-war years. We propose to proceed on the assumption that prices, when they stabilise, will stabilise at a much higher level than the pre-war average ; on this basis, we shall make our recommendations as to basic rates of salary. Till prices come to stabilise at the assumed level, we propose to recommend the continuance of the payment of dearness allowance to certain classes of public servants at rates varying with the changes in the cost of living index. The advantage of this course is that marked fluctuations in the cost of living may be provided for. We accordingly think that it would be safe to recommend a scale of basic salaries fixed on the

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assumption that prices may stabilise at a level which will give a cost of living index somewhere between 160 and 175 taking the pre-war index to be 100. So long as the cost of living continues to be substantially higher, some system of dearness allowance must continue in operation."

The Fair Wages Committee have concurred with this view. Following the course recommended above, we propose to fix the basic wage in respect of a cost of living index number of 160 and to give compensation by way of dearness allowance for the cost of living higher than that at index number 160. It has to be noted that under Section 5 of the Minimum Wages Act, minimum rate of wages may consist of a basic rate of wage and a special allowance at a rate to be adjusted at such intervals and in such a manner as the Government may direct to accord as nearly as practicable with the variations in the cost of living index number applicable to such workers (*i.e.*, cost of living allowance). Further, under Section 5, the cash value of the concessions in respect of supplies of essential commodities at concession rates, when so authorised will form a component of the minimum rate of wages. We therefore propose to fix the minimum rate of wages so as to consist of the three separate components, *viz.*, basic rate of wages, cost of living allowance, and cash value of food concessions. We are merely prescribing the minima. There need be no apprehension that these minima will stabilise as maximum wages. Nothing precludes the employers and employees from entering into contracts or arrangements which will provide for the employee a greater security of employment and a higher standard of living and higher wages than can be justly given by a Minimum Wage Board. As has been stated by Justice Higgins no worker is under legal compulsion to work for the minimum wage prescribed. "The liberty of the individual to accept or refuse work offered at the wages and on the conditions offered, remains; the minimum wage is restraint on the employer, not restraint on the employee. The so called law of demand and supply has not been abolished, but its scope has been limited by provision for a minimum wage. It is quite in harmony with the principle of freedom of contract subject to the minimum wage that an employer should seek by extra wages to attract men who as he thinks will give him extra speed and efficiency. It is all a matter of contract. The employer can refuse to give work, if it does not suit him

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to give it, and the employee can refuse to accept work if it does not suit him to take it." (Fixation of Wages in Australia by Anderson, Page 348.)

The employers propose to continue the present progressive increments in the wages. In some respects it has been liberalised and certain anomalies have been resolved as is evident from the new schedule of wages—Schedule— I (*b*) and I (*c*). Progressive improvement of wages is desirable ; but any progressive improvement will depend on improvement in the economic conditions of the country and of the industry concerned in particular and on the higher productivity of labour. As observed by the Fair Wages Committee, the wage fixed by a Wage Board should not be treated as unalterable and should conditions arise at a later day which warrant improvement in the wage, such an improvement should be deemed to be well within the scope of these recommendations. In fact, there is provision for revision of wages in the Minimum Wages Act.

(ii) *Size and Composition of Family.*—Minimum Wages should be determined primarily by human needs, and the first step to take in fixing minimum wages is therefore to ascertain the human needs of the workers. As society is constituted at present, the father of a family is responsible for the maintenance of both wife and children until the latter are able to earn for themselves. It is necessary therefore, at the outset to determine the number of dependants to be allowed for in assessing the financial responsibilities of a worker. In other words, it is necessary to determine what should be taken as the size and composition of a standard family or average family of a worker. It is stated in the statement of the Labour Associations that a worker's family consists of six members (apparently adults). According to the employers, three consumption units for every earner would be a proper average. Before the K.G.F. Pay Commission, it was stated on behalf of labour that an average family consisted of a husband, a wife and four children, *i.e.*, about four units. On this question, it is useful to know the practice in other countries. In the Australian States, there is some difference as to the size of the family the basic wage should provide for. In New South Wales the basis is man and wife, with a child endowment scheme for the provision of children. In Western Australia, the basis is taken to be man, wife and two

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children; in the other States the basis is taken to be man, wife and three dependant children. The Federal Courts' basis is man, wife and three children. (Fixation of Wages in Australia by Anderson, page 194). In New Zealand also the basis is man, wife and three children. In the United Kingdom and the United States the average family is taken as man, wife and three dependant children.

It has been generally accepted that a woman's requirements are less than that of a man, and the requirements of children vary with their age. The scale of relative requirements of man, wife and children as laid down by Cathcart and Murry which is adopted by the Committee of the British Medical Association is for an adult woman, ·83 of an adult male's need, and for children from one year to over fourteen years it varies from ·20 to 1·00 of an adult male's need. Rowntree who had made a detailed enquiry and survey into workers' families in England estimates the average requirement of a child as ·65 of an adult male. (The Human Needs of Labour by Rowntree, page 64).

Another method of working out standard consumption units of a family is to apply Lusk's Coefficients or Lusk's Table of Requirements. According to this scale, the requirement of a child (up to fifteen years) is 0·7, an adult male (fifteen years and upward) 1·00, and an adult female (fifteen years and upward) ·83.

In Australia, Atwater an authority on the subject has fixed the requirements of a woman at 0·8, a boy of ten 0·6, a child of seven 0·5, and a child under five 0·4 of an adult male's need. For the average family consisting of husband, wife and three children (aged respectively 10½, 7 and 3½) the consumption units will be 3·3.

Another method of measuring the needs of families is adopted in U.S.A. King and Sydenstricker of U.S.A. Public Health Service on the basis of a study of the actual consumption and expenditure of a large number of families have worked a comparative scale of requirements (denominated *ammain scale* a contraction of adult male maintenance). By expressing the needs of an adult male twenty-five years of age as one, and the needs of men and women of other ages as relative to this figure, a scale is derived. The *ammain scale* for a family consisting of a husband (forty years—0·93) wife (thirty-five years—·76) male child (thirteen years—·59), female child (seven years—·40)

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male child (three years—'31) is 2·99. Thus the consumption units for an average family under the above scales range from three to four units. Connected with the size and composition of a standard family and the financial responsibilities of a wage earner to maintain his family, is another principle that if there are more than one wage earner in the family, this may be taken into account. It has been stated that in an Indian family there are more dependants and that it is not limited to a husband, wife and three dependant children. If there are more dependants, it is generally found that there are also more wage earners than one in the family. In this connection, the conclusion of the Fair Wages Committee is worthy of note (page 18 of the Report). "The Committee examined the figures in Appendix III which were collected in the course of certain family budget enquiries made in the past. These figures showed that though the number of persons per family frequently exceeded the figures warranted by three consumption units, the total number of earners in the family was well above one. It was considered that if provision had to be made for more than three consumption units, there was no reason why account should not also be taken of the actual number of wage earners in the family. The Committee decided that if the standard family was reckoned as one requiring three consumption units and providing one earner, the decision would be in accord with the results of the family budget enquiries".

About the end of 1942, an Assistant of the Labour Commissioner in Mysore conducted a survey of the family budgets of some workers in K.G.F. We have examined that Officer and we have the benefit of the results of that Survey. (Appendix VI series). He investigated the details of the family budgets of 333 families of workers. According to the survey, the average working class family consisted of 4·4 units made up of 1·5 males, 1·7 females, and 1·2 children (one unit being taken as equal to two children). The number of earning members per family worked out to 1·28. If 4·4 units in a family has 1·28 earners, the consumption units per wage earner will work out to 3·43. The members of this Committee went round the houses of the workers and examined some 40 families. The details and the results are noted in Appendix VII. According to it, the average composition of a family is adult males 1·25, females 1·52, and children under 15 years 2·42 and the wage earners 1·25. Applying Lusk's

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Coefficients the units will be, males 1·25, females 1·52 × ·83, *i.e.*, 1·26, children 2·42 × ·7, *i.e.*, 1·69 or in all 4·20 units. For 1·25 earners the consumption units are 4·18 and for one earner it will be 3·36. It may be said that when the members of the Committee went round, the workers knew what the Committee were about and there was some amount of inflation in the answers given. In Radhakamal Mookerjee's book "The Indian Working Class", it is stated that the consumption units for the average worker in Bombay is 3·4 consumption units and in the Bihar coal fields the average worker's family consists of 3·4 persons (pages 133 and 191).

The consumption units according to the survey of 1942 is slightly higher than the figure arrived at in the Committee's enquiry and they are also in the range of the figures calculated according to the several scales mentioned above and somewhat higher than the three units of the Fair Wages Committee. Our Committee therefore agreed that the figures derived from the Survey of 1942 which was done elaborately by a responsible authority, for the K.G.F. area, may be taken as fairly accurate and that the standard family of a worker in the K.G.F. with one earner may be reckoned as requiring 3·43 consumption units. But Mr. Sundararaja Iyengar took the view that the standard family consists of a man, wife and four children equivalent to 4·5 consumption units (one child being taken as one, and three other children ½ unit each.)

(iii) *Basic Wage.*—We have next to consider the details and the basic element of the needs of a worker's family, and these are usually classified under five main heads: —(1) Food, (2) Fuel and Light, (3) Clothing, (4) House rent, and (5) Miscellaneous consisting of household sundries and personal sundries. These are the five main classes of a worker's requirements which are specified in the working class cost of living index number sheet used by the Labour Department for preparing cost of living index statistics, and in respect of which the prices of articles and cost are worked out in the sheet. (Appendix VIII). A list of selected standard commodities together with the definite number of units of each is usually called a regimen or a standard of living. The Index Sheet (Appendix VIII) gives the regimen and mentions in detail the several commodities generally consumed by a worker's family, the relative importance of the commodity in the household consumption known

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as its weight, and the price of each commodity for unit quantity in 1936 which is adopted as the base year (a pre-war year) in Mysore for purposes of Labour Statistics.

In the family budget enquiry sheet at the survey of 1942 (Appendix VI), the details of expenditure of a worker's family (consisting of 4·4 units) have been worked giving the quantities of consumption of each article per month and the then price. By taking the quantities of consumption mentioned in the 1942 survey sheet as the standard for a family and applying the 1936 prices, the cost of the regimen or standard of living for 1936 has been worked on the cost of living index number sheet (Appendix VIII). It will be noted that in calculating the cost of the regimen for 1936, a quantity of 74½ seers of ragi and rice is allowed for a family of 4·4 units per month, though the ration is only 41¼ seers. The amount provided for alcoholic drinks has been cut out. The average house rent is calculated thus. It is stated that about 76 per cent are housed in Companies' huts and the rent therefor is Re. ½ each. The rest pay a rent of Re. 1 to Rs. 1-8-0 outside the colonies. According to this calculation, the average rent is Re. 0-10-9. According to Mr. Sundararaja Iyengar it amounts to Re. 0-12-9 and according to Messrs. Rathnasabhapathy and Bagyanathan Re. 0-12-2.

We thus get the cost of living for an average family (of 4·4 members) in 1936 the base year. It works out as follows :—

| | | | Rs. | a. | p. | |
|---|---|---|---|---|---|---|
| 1 | Food | ... | 12 | 10 | 9 | |
| 2 | Fuel and Lighting | ... | 1 | 9 | 4 | |
| 3 | Clothing | ... | 1 | 15 | 10 | |
| 4 | House rent | ... | 0 | 10 | 9 | |
| 5 | Miscellaneous | ... | 2 | 9 | 2 | (or Rs. 3-5-9 allowing for some extras). |
| | Total | ... | 19 | 7 | 10 | (or Rs. 20-4-5 allowing for some extras). |

Rs. 19-7-10 or Rs. 20-4-5 as stated above is the cost for a family of 4·4 units.

Reduced to 3·43 consumption units which we take as the needs of an average family, the cost is Rs. 15-3-7 (or Rs. 15-12-11 allowing for some extras).

These figures derived from the 1942 family budget survey were considered by all the members of the Committee other than the representatives of labour, as giving

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a fairly accurate position of the cost of living of an average worker's family in K.G.F. for the base year 1936, and it was agreed that Rs. 20-4-5 may be taken as the average monthly expenditure for a family of 4·4 units or Rs. 15-12-11 for a family of one earner who as stated above requires 3·43 consumption units.

Messrs. Sundararaja Iyengar, Bagyanathan and Rathnasabhapathy have suggested certain additions to the regimen as worked in the above cost of living index sheet. The details of the additions suggested by them are noted in the sheet [Appendix VIII (*a*)]. According to Mr. Sundararaja Iyengar's suggestions, the cost of living for the base year 1936 for 4·5 consumption units (which according to him are the needs of a family) works to Rs. 25-12-11 per mensem. According to the suggestions of Messrs. Rathnasabhapathy and Bagyanathan the cost of living for 1936 for 3·43 consumption units which they agreed may be taken as the needs of an average family is Rs. 17-15-9.

As already suggested the basic wage should be fixed in respect of a cost of living index number 160, treating the cost of living index number of 1936 as 100. For the base year the cost is estimated to be Rs. 15-12-11. Raised to index number 160, the cost of living will be Rs. 25-4-8 a month or Re. 0-15-7 per day for a month of 26 days, taking the base as accepted by the Committee as Rs. 20-4-5. The cost of living raised to index number 160 will be according to Mr. Sundararaja Iyengar's suggestion Rs. 41-4-8 or Rs. 1-9-5 per day, and according to the suggestions of Messrs. Rathnasabhapathy and Bagyanathan Rs. 27-12-5 or Rs. 1-1-1 per day.

Allowance has to be made for the workers' contribution to the Provident Fund at Re. 0-1-0 per rupee. Adding this to Re. 0-15-7 the figure arrived at above, the expenditure per day will work to Rs. 1-0-7. According to the statement of the Labour Associations, the monthly expenses of a worker having a family of six members is put at Rs. 118-14-0. These figures appear to be inflated not only as regards the number of consumption units, but also as regards the regimen and prices of commodities. If some of the items such as purchase of grains from the blackmarket and expenses of travelling and medicine, marriages and entertainments are reduced and proper prices applied to the other articles, the expenses according to the labour statement will amount to about Rs. 92.

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This is for a cost of living index of about 310 at present. For an index of 160, the expenditure on this basis will be about Rs. 48 and this is for six consumption units. For 3·4 consumption units, the expenditure will be about Rs. 27. This is in the region of the figure which this Committee has arrived at, if the inflations in the statements are excluded.

Sri Gnanaprakasam, President of the Champion Reef Mines Labour Association, represented before us, the case on behalf of labour (Appendix IX). According to him a family needs six consumption units, and the total expenditure per month is about Rs. 120. Later in his statement he further increased the estimate of expenses by another Rs. 30. He said the lowest wage of a surface worker should be Rs. 1-8-0 a day and dearness allowance of Rs. 35. He was agreeable to the attendance bonus being abolished and merged in the wage. His claim thus is pitched at a higher level than in the written statement of the Labour Associations.

It would appear from the above figures that Rupee one per day would be a fair and reasonable minimum basic wage for an unskilled surface worker on the mines, *i.e.*, an increase of three annas on the present basic wage of 13 annas. This means an increase of three annas per day on the present basic wage for all workers. By giving an increase of Re. 0-3-0 per day per worker the wage bill will go up by Rs. 15,32,748 per year. It has been the decisions of the Committee as stated already that the attendance bonus which is now being given may be stopped and there will be savings of Rs. 2,89,932 on this account. Deducting this, the net increase in the wage bill is likely to amount to Rs. 12,42,816 per year according to the figures furnished by the employers. (*Vide* Appendix V.)

*Prevailing Rates of Wages.*—Some of the factors which are taken into consideration in connection with the fixing of minimum wages are the prevailing rates of wages in the same or neighbouring localities and the capacity of the industry to pay.

In Australia and other advanced countries, wage fixing authorities decline to declare a living wage differing in any marked degree from current ruling rates on account of the inter-relation of wages in different occupations and in different parts of the country. The rate of wages is not an isolated thing, for every worker has other

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workers with whom to compare himself. Every change in the rate of wages, excites hopes or fears in the minds of workers outside its scope, whose own rates bear a customary relation to the rates changed. But conditions in this country are quite different from those elsewhere. The gulf between the estimated norm and the current wage rates in this country is even wider than in those countries where the standard of living is fairly high. It is the purpose of minimum wage legislation to bridge the gap by systematically laying down minimum wage standards.

Comparison with the prevailing rates in other industries and in the neighbouring localities will be of use if labour in those industries is organised well enough to make collective bargaining a success or if such wage rates have been settled on a proper basis and labour is contented. But in the present state of the low level of organisation of labour here, those wage rates could hardly be relied upon otherwise than as a guide. The Fair Wages Committee have considered this question and observe as follows (page 12 of the Report):—

"In countries where the bargaining power of labour is strong and the wages paid in at least some industries or sectors of industries are adequate, the method of comparison with the prevailing rates of wages is sound; but in countries like India where labour has until recently been weakly organised, such a process can only mean the comparing of one unsatisfactory rate of wages with another equally unsatisfactory rate. In our Committee, the representatives of employees were of the opinion that 'there is an inherent danger in fixing the fair wage in the light of the prevailing rates of wages because due to large-scale unemployment in India, wages are governed except where unions are strongly organised, on the principle of demand and supply, and therefore the prevailing rates of wages in the same or neighbouring localities may only serve as a negative test'. The Committee agree that while prevailing rates of wages fixed as a result of proper collective bargaining will bear a close approximation for the present to fair wages, and should therefore be taken into account in fixing fair wages, the same cannot be said of prevailing wages resulting from unequal bargaining. The wage fixing machinery should, therefore, make due allowance for any depression of wages caused by unequal bargaining."

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From Table II furnished in the statement of the employers, the lowest basic wage at present in K. G. F. is Rs. 21-6-0, while that at Bangalore and Mysore is Rs. 19-8-0. The dearness allowance at Bangalore is Rs. 2 higher than at K.G.F. We understand that the basic wage rates obtaining in Engineering industries in the State range from Re. 0-10-0 to Rs. 5 per day and in Mineral and Metal industries from Re. 0-10-0 to Rs. 4-10-0.

The wage rates in K.G.F. may be a little more than in other places; but the comparison serves no useful purpose. The wage rates in the other places have not been fixed on any settled or proper basis. Small concessions and increases have been given spasmodically or arbitrarily whenever agitation or strikes on the part of labour in the particular industry became strong. Minimum wages have not been fixed for any of these industries. Consequently, the prevailing rates of wages in other places cannot be taken as standard for comparison. Still considering the existing rates of wages in other industries and in agriculture and in other parts of the State we feel that our decision to fix the basic wage in the K.G.F. region and the Gold industry in particular at Re. 1 per day is reasonable and proper and that we will not be right in pitching the basic wage higher or so high as the representatives of labour suggest, as its reaction on other industries especially on agriculture may prove disastrous.

*Capacity of the Industry to Pay.*—As regards the capacity of the industry to pay increased wages, the general point of view of employers is set forth in the South African Mining and Engineering Journal (1949) page 117: "Gold bearing ore is a national asset only so long as the cost of producing the gold is less than the value of the gold produced, that is to say, so long as the ore is payable. The dividing line between payable and unpayable ore is determined by the working costs of the mine concerned. An increase in the working costs not only affects individual mines, but it raises the pay-limit and thus reduces the amount of payable ore in every mine throughout the industry. A general increase in pay limits has a twofold effect. Its immediate and direct effect is to eliminate a certain tonnage from the ore reserves. The deferred and indirect effect of a general increase in pay-limit, is, by reducing the percentage of

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payability, to make exploration in certain mines unattractive. The indirect effect is the greater of the two. Any action which depresses gold deposits below the pay limit deprives the country of part of its national assets, reduce its capacity for employment and has the same effect as living on capital". The following extracts also from the South African Mining Journal (page 85) are interesting:

"Normally the Mine Manager would break low grade ore provided that the costs which would be incurred from the moment he started doing so till the gold in the ore has been recovered would not exceed the value of the gold which the sampling may lead him to expect from the ore. In other words, such ore would be just at the pay limit. It pays him to mine such ore because, although it contributes nothing to profits, it helps to reduce the overhead costs of working the mine. From the point of view of the country, the policy of working pay-limit ore is very valuable. While such ore yields no profit, the gold produced pays the wages of large numbers of workmen, and the cost of stores from which other workmen in industry and agriculture have drawn their living. It is therefore of the greatest importance to everybody that the pay-limit ore should be worked. It is equally important that the pay-limit should be as low as possible. Every reduction of the pay-limit, even by as little as a tenth of a penny-weight, increases materially the wealth-producing capacity of the country's gold endowment. Such marginal ore, once passed, may be difficult or impossible to work afterwards. Opportunity must be seized when it presents itself. Avoidable costs inflict on the country permanent injury which, though generally not regarded because not seen, yet creates a condition similar to that caused by the destruction of permanent assets. The pay-limit is the temperature chart of that policy. If it is too high the policy is wasteful of the country's resources. If it is normal, *i.e.*, if it is equal to the reasonable costs necessarily involved in extracting gold from the earth, the country is healthy. If it is excessively low, somebody is being exploited."

There is also the fact that the price of gold is definite and ascertained and there is little prospect of fluctuations in the price. Any addition to the working cost whether in the form of increased wages or otherwise would have to be borne by the industry and not by the consumer. In other industries the increased costs can be passed on to

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the consumer, but in the Gold Mining industry there is no such possibility.

The other point of view is that reduced wages should not be resorted to so as to bring under the payable limit ore which is now considered to be unpayable.

The workers must first be paid a minimum wage and it has been said by authority that an industry which is unable to pay a minimum wage has no right to exist. No matter how depressed an industry may be, the employees in that industry must be paid at least a minimum wage. However, ordinarily, things are not driven to the extreme of the closing down of an industry, as the employees would prefer to choose the path of a settlement by collective bargaining rather than risk the closing down of the industry and consequent loss of their employment. One other point to be noted is that in determining the capacity of an industry to pay, it would be wrong to take the capacity of a particular unit or the capacity of all industries in the country. The relevant criterion should be the capacity of a particular industry in a specified region.

As found above, the increase in the wage bill for the industry by fixing the minimum basic wage will amount to about Rs. 12,42,816 according to the figures in Appendix V and it may not be beyond the capacity of the mines to bear this, under their turnover by realisation from sale of gold in the year 1948 as seen from their balance sheets is over £ 40,00,000, and their contribution to Government in taxes and royalty is over £ 13,00,000. It is no doubt true that the increased cost on wages may bear heavily on some of the Mines. It is stated that it may not be so serious in the case of Champion Reef Mine and the Mysore Mines; but the already weakened financial position of Oorgaum and Nundydroog Mines will be seriously affected by the additional cost. Both Mines are operating on a fast declining ore reserve both in tonnage and value which has already caused a serious contraction in the scale of operations in both Mines and a weakened financial position. This has been further complicated in the case of Oorgaum by the effects of the present disastrous fire in the Mine. The estimated increase in grade to cover the cost is ·21 dwt. per ton. It is said to be doubtful if these two Mines can produce the necessary grade of ore to meet the additional cost and to find the necessary finance to carry out work of capital nature which is absolutely essential for the future of the Mines.

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Another factor which is taken into consideration with fixation of wages is the productivity of labour. It has been stated in the statement of the employers that the productivity of labour and output has decreased while wages have steadily increased and that while labour cost per ton of ore has increased from 100 in 1939 (base) to 334·2 in 1948, *i.e.*, about 3½ times, there is a fall in the index of production from 100 to 64·8. It is disconcerting and a matter for concern that production should have gone down. But the question is how far the reduction in production is due to the inefficiency or go-slow methods said to have been adopted by labour. From Table I appended to the employer's statement, it is seen that the total labour employed in 1948 as compared to 1939 is 90·4 per cent. This may account for about 10 per cent in reduction of production. An analysis taking productive employees only (*i.e.*, underground employees) shows the average ton produced per employee was 45·3 tons in 1939 compared with 34 tons in 1948, a fall of 24·9 per cent. Then during the last 10 years, the mines have gone deeper and the natural and technical difficulties of working must have increased. Some percentage of reduction of production may be attributable to this. Although during the last 10 years the mines have gone deeper the increased difficulties of working have been offset to a large degree by the introduction of air-cooling plants, new methods, and modern machinery. As observed by the Fair Wages Committee (page 16 of the Report), productivity of labour is the net result of a number on factors on many of which the worker does not exercise any control. "It is also possible that the wages paid are themselves the cause of lower productivity. Higher earnings ordinarily lead to greater efficiency, though some Indian industrialists feel that higher earnings have led to greater absenteeism and consequently less production." Proper time and motion studies should be instituted if production standards are to be prescribed scientifically.

We would like to emphasise upon labour and the workers that the only method by which increased wages can be secured is by greater efficiency and that the workers should co-operate with the employers to step up production efficiency. The workers' attitude must be to show more production, more efficiency, more responsible work and then demand more wages. The employers have also a responsibility to stimulate the workers to do their best by improving their conditions of work and

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environments, and by adopting the best possible methods and equipment. In this connection the observations of the arbitrators in a dispute between a Transvaal Gold Mining Company and their employees is very apt. "There is a considerable quantity of low grade ore in many mines. The lower the working costs become the greater will be the amount of ore which can be mined at a profit. At the present level of costs it is estimated that ore with a gold content of 4½ dwts. per ton can be profitably mined. With improvements in method and machinery a lower grade of ore is likely to become payable. It is therefore impossible to take any absolute limit of payability as representing the capacity of the industry to pay. We are of the opinion that reduction of wages should not be resorted to so as to render payable ore which is now conceded to be unpayable, so long as the cost of living conditions remain as they are at present". (Transvaal Chamber of Mines—Mining Industry Arbitration Board 1926-27—Page 542).

(iv) *Dearness Allowance and Living Index.*—The object of granting dearness allowance or cost of living allowance as it is termed in the Minimum Wages Act is to raise the basic wage so that it will have the same buying power under the increased cost of living as it had under normal circumstances. "Money wages have little significance. What is important to the wage worker is what his money will buy. What actual money wages in the pay envelope will buy in terms of food, clothing, rent and other goods is called real wages. In order to determine what real wages mean to the worker, money wages must be converted into real wages or buying power. This is done by an index number process fixing the prices of a selected list of goods that enter into the living standards of the worker in a base year of normal economic activity and comparing subsequent prices to this standard." (Industrial Organization and Management, by Bethel and Smith, page 582.)

On the side of the workers, the opinion seems to have prevailed that, although the system of linking wage rates to a basic wage adjusted automatically to changes in cost of living might have its disadvantages such as a tendency to limit the rise in wages in good times and to increase unemployment in depression; it is less dangerous than an open acceptance of the principle of the capacity of the industry to pay which might tend to work against them all the time. The view of the Fair Wages Committee in

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regard to the dearness allowance is worth noting (page 24 of the Report). "The method of compensating workers for increase in the cost of living by the grant of what is known as dearness or dear food allowance is peculiar to India. In foreign countries usually the practice is to adjust wages themselves in accordance with the changes in the cost of living. Until the cost of living comes down to the level of 160 or 175, it is clearly necessary for this country to continue to pay dearness allowance to neutralise wholly or at least substantially, the increase in the cost of living."

The Bombay Industrial Court, in their award dealing with the cotton textile mills, have laid down that employees in receipt of the lowest wages should be compensated to the extent of 90 per cent of the rise in the cost of living and that other employees should be paid at the same flat rate. In Madras, the extent of neutralisation of the rise in the cost of living varies from 60 per cent to 72 per cent and is given at a flat rate for all employees. The Central Pay Commission has adopted the principle that the lowest paid employee should be re-imbursed to the full extent of the rise in the cost of living and that higher categories of employees should receive a diminishing but graduated scale of dearness allowance. The Fair Wages Committee's conclusion is that for the lowest categories of employees, the target should be compensation to the extent of 100 per cent of the increase in the cost of living, and that a lower rate of compensation should apply to the higher categories but that the amount of compensation must be based on salary scales or slabs.

Except for basic or minimum subsistence wages, there has been some reason for not granting an increase in wages equal to the whole increase in the cost of living. As the prices of commodities increase, there is also a tendency to rearrange the family budgets. In this way economies are to some extent possible with probably little material effect upon the mental and physical comfort of the members of the household. There is also a theory propounded that the rise in the cost of living need not be wholly neutralised by the giving of allowances in as much as the whole population is suffering owing to the rise in prices and therefore the worker should also bear a proportion of the rise. The Labour Associations claim is that every employee should be paid dearness allowance on par with the employees of the Government of India.

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Before the K.G.F. Pay Commission they claimed only Rs. 30 as dearness allowance. Dearness allowance is now being paid at a flat rate of Rs. 22 per month to every employee. Besides this the cash value of subsidised food issued to workers at a cheap rate is assessed at Rs. 2-9-9 per month. The employers contend that the dearness allowance paid by them is higher than that paid by the Government of Mysore, and that the claim that it should be the same as the Government of India lacks justification, as these are not on a par with those paid by the Government of Mysore, and must have a regional aspect. The living index for K.G.F. as gathered from the *Mysore Labour Gazette* is 311·5 for the first half of 1949 and 313·5 for the first ten months of 1949. The dearness allowance granted by the Central Pay Commission to Government of India employees of the lowest grade on a salary of Rs. 50 and below is Rs. 25 so long as the cost of living index remained between 260 and 240. Granting that for an index of 300 the dearness allowance to the Central Government employees may go up to Rs. 35, the dearness allowance of Rs. 22 *plus* Rs. 2-9-9 the cash value of subsidised food supply, *i.e.*, Rs. 24-9-9, is very fair and reasonable for a local area like the K.G.F. The rate mentioned above for Government of India employees is based upon the cost of living in places like Calcutta, Delhi and Bombay and in our opinion it is unreasonable to apply it to a smaller local area like the Mysore State.

The average index figure for K.G.F. in 1949 has been ranging a little over 310. The basic wage as fixed above is Rs. 26 per month for index 160. The proportionate dearness allowance for index 300 will be Rs. 22-12-0, for index 310 Rs. 24-6-0 even allowing for full neutralisation of the cost of living. The compensation allowed for increased cost of living to industries in Bombay and Madras is about 60 per cent to 90 per cent. Consequently, from this point of view also, the present dearness allowance appears to be satisfactory. There is another method adopted in the Central Provinces as suggested in the report of Dr. Mahalanobis, the expert statistician of India (Report of Nagpur Textile Enquiry Committee, 1940). For every point of rise in the index figure one pie is to be given per day. This works to $2\frac{1}{2}$ annas per month for every point of rise. If the rise in the index number is 100, the dearness allowance will amount to Rs. 15-10-0 and for a rise of 150, Rs. 23-7-0. Even on this basis the present rate is fair.

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A flat rate of allowance without reference to the pay has a great advantage as it will be based on a certain principle. The workers for whom we are fixing minimum wages, the majority of whom come under the schedule of wages have almost the same standard of living and the disparity is not very great. The increase in the cost of living may be said to have affected them all almost equally and the allowance to meet this common necessity may be equal. It may also be pointed out that in the industries in Bombay and Madras, a flat rate has been adopted. In regard to the adjustment of the secondary wage or margins for skill to variations in the cost of living, the practice in Australia in which country the minimum wage system in its modern form originated and has been in force for over 50 years, merits consideration. The practice has been to vary the basic wage in proportion to variations in the cost of living, but to leave the margins for skill or other qualifications undisturbed. Mr. Justice Higgins has stated that when the Court has increased the basic wage because of the abnormal increase of prices it has not usually increased the secondary wage and that it has merely added the old secondary wage, the old margin to the new basic wage. Several Judges have expressed the view that the secondary wage need not be varied in accordance with variations in the cost of living, but that it should be fixed and adjusted on a value of services basis on the market value of skill, responsibility, etc., at the time an award is made or varied. (Fixation of Wages in Australia, by Anderson, pages 302 and 305.) The theory of proportional margins has been modified in practice. There is thus good authority for granting dearness allowance at a flat rate without granting proportionate increase in the case of higher scales of wages.

In our opinion, the dearness allowance of Rs. 22 plus Rs. 2-9-9 cash value of subsidised rationed food is fair and reasonable for the K.G.F. area and calls for no increase at present and it may be paid at a flat rate to all employees.

(v) *Cash Value of Food Concession.*—Under Section 5 of the Minimum Wages Act, the cash value of the concessions in respect of supplies of essential commodities at concession rates, where so authorised, is a component part of the minimum rates of wages. If such concessions in respect of food or essential commodities are granted, they should be taken into account in fixing

minimum wages or dearness allowance. The Central Pay Commission observe, "As long as any concessions in the matter of supply in kind are allowed, their estimated money value shall be deducted from the dearness allowance." They also state that any encouragement given at this juncture to co-operative organisations of employees for the purchase of their supplies is opportune.

It is stated that the Companies purchase rationed articles from Government depots at controlled rates and sell them at cheaper rates to the worker. The cash value of this concession to each worker is estimated to be Rs. 2-9-9 per month. The Committee is of opinion that this concession may be continued. The value of this concession has to be taken into consideration in fixing the dearness allowance. We have done so and stated above that the present dearness allowance of Rs. 22 together with the cash value of the concession of Rs. 2-9-9 is adequate and no increase in dearness allowance is needed at present. If the cash value of this concession should fall below Rs. 2-9-9, the difference should be added on to the dearness allowance of Rs. 22.

(vi) *Recommendations regarding Minimum Rates of Wages.*—Having regard to all the circumstances, the prevailing rates of wages and the capacity of the industry to pay, the Committee would make the following recommendations regarding minimum rates of wages :—

1. The minimum basic wage for an unskilled surface worker fixed in respect of a cost of living index number of 160 (treating that of 1936 the base year 100) should be Re. 1 per day or Rs. 26 per month of 26 working days. An increase of three annas to the daily rate of wages will be given to workers of all the other categories. An increase of Rs. 5 per month will be given to the monthly-rated employees.

2. The cost of living allowance (dearness allowance) may be fixed for the present at Rs. 22 per month. It may be paid at the rate of Rs. 22 per month to all employees.

3. The supply of essential commodities at concession rates to the workers may be continued, the cash value of such concession at present being Rs. 2-9-9. If the cash value of this concession decreases, the difference should be added on to the dearness allowance.

The representatives of the employees are not agreeable to the rates recommended above.

## CHAPTER V.

### WAGE DIFFERENTIALS. 164

Having arrived at the basic wage which is the wage to be paid to the unskilled worker, we have to fix the wage for different categories of workers step by step to the semi-skilled and to the skilled. The secondary wage is that portion of a worker's wage which remunerates him for such skill or other qualifications as are necessary for his occupation, and lift him above the level of the unskilled workers. But mere knack in doing work is not specially remunerated. It is also called margin for skill or wage differential.

A skilled labourer is a worker who receives a small margin for skill because the work he is engaged on calls for qualifications not required for the class of work usually done by unskilled labourers. A small amount of skill, a little responsibility and a good physical development, these are the qualifications which place the possessors of them in a grade above the basic wage. "The general opinion appears to be that in fixing wage differentials, the skill required, the training and risk involved, the responsibilities borne, the physical and mental strain undergone, the efficiency of performance and the experience gained should be taken into consideration. The representatives of labour think that there should be as few differentials as possible and that the difference between the lowest and the highest paid worker should not be abnormally large. The following factors should be taken into account in fixing the wage differentials: the degree of skill, the strain of work, the experience involved, the training required, the responsibility undertaken, the mental and physical requirements, the disagreeableness of the task, the hazard attendant on the work and the fatigue involved." (Fair wages Committee's Report, page 20.)

The living or basic wage is sacrosanct—beyond the reach of bargaining, but not so the secondary wage or margin for skill.

The following are the observations of the Central Pay Commission in this matter in respect of industrial workers of Government (pages 124 and 125 of the Report) :—

"Taking unskilled labour as the datum line for the minimum wage it will be convenient to classify the higher grades into semi-skilled, skilled and highly skilled. It

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has been suggested that persons of whom only physical or manual labour not requiring any intelligence, training or experience is expected may be classified as unskilled labour. The semi-skilled was generally recognised to be a person who had risen from the ranks of unskilled labour after he had improved by experience. The differentiations between the skilled and the highly skilled is again a matter of degree depending to a certain extent also upon experience and purposeful training. The extent to which a man can be trusted to work by himself or required direction or guidance is also a material ingredient. Some have suggested that semi-skilled workers must have a remuneration 20 to 50 per cent above that of unskilled workers, and that skilled workers should be paid twice or thrice the remuneration of the unskilled workers. We are not persuaded that it will be possible or desirable to adopt any such fixed proportion. At the other extreme, the suggestion has been made that wages should be fixed by a process of scientific job analysis. This is more easily said than done. Where skill is to be acquired by education, or apprenticeship, the time and money spent for the purpose may of course be taken into account when fixing the remuneration. The question of remuneration must in the last resort be largely determined upon the market value of the particular class of labour as determined by trade standards. There is a large volume of opinion in support of a system of paying efficiency bonus according to the outturn of each worker in addition to the standard wage of his category. As is well-known trade unions are not in favour of such differentiation, but there is much to justify it." The pay fixed for unskilled and unlearned employees, *i.e.*, class 4, by the Central Pay Commission is Rs. 30—½—35.

The rating of jobs is a matter involving the application of certain principles as is done in U.S.A. To succeed, job evaluation cannot operate in secret behind close doors. The plan adopted must be given wide publicity. Top management, supervision and employees' representatives must thoroughly understand the plan and must be convinced that it is sound and that it will be fairly administered. (Job Evaluation, by Smith and Murphy, page 28).

The Labour Associations have claimed in the schedule attached to their statement, wages ranging from Re. 1 to

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Rs. 3-8-0 per day extra for skilled workers and from Re. 0-4-0 to Rs. 1-8-0 extra for semi-skilled workers.

All industries should effect a standardisation of categories and jobs to avoid disparity or remuneration of similar class of work. This would be necessary to remove irritation and sense of injustice among the workers. So far as the Kolar Gold Mining Industry is concerned, it is not necessary to work out a standardization of wages or prepare a wage structure for the different occupations. They have standardised occupations and wages and prepared a wage structure. Schedule I is the schedule of wages now in use for all the Mines and pages 1 to 13 thereof show the several categories of jobs classified and graded. Schedule I (*a*) is the schedule of wages for the K.G.F. Electricity Department. (Schedule I is the schedule of wages for Oorgaum Mines; exactly similar schedules are in force in the other Mines also.) The schedule of wages now in use may be adopted, as the Labour Associations have taken no objection to it in respect of the several categories of jobs. In the matter of margins for skill it has been stated by authority that it is safe to be guided by actual practices and customs which prevail in the different industries and by agreements made between the employers and the employees. The safest line to follow is to keep close to the distinctions in grade between the employees as expressed in wage s by the employers for many years, in bad times as well as in good, and as accepted by the employers.

We are therefore of opinion that the distinctions in grade and the wage differentials between different categories as found in the schedule of wages now in use [Schedules I & I (*a*)] may be accepted and maintained. Whatever increase is given to the unskilled worker in his basic wages and dearness allowance, the same increase will be given to the workers in the higher categories also.

## CHAPTER VI.

### Summary of Recommendations and Conclusion.

*Summary of Recommendations.*

1. The top limit of basic salaries of employees whose cases may be considered for the fixation of minimum wages may be fixed at Rs. 115 per month as they will include all those in the schedule of wages and those in the lower grades of office and supervisory staff.

2. The risk in underground work is sufficiently compensated for by the extra four annas per shift usually allowed for underground work.

3. The attendance bonus of Rs. 1-8-0 per month may be abolished.

4. The employers have agreed to the continuance of the biennial scales of increments and also to increase the maxima and the minima of the present grades by three annas, as shown in Schedules I (*b*) and I (*c*).

5. The contribution of one anna in the rupee or 6¼ per cent to the Provident Fund is reasonable and may be continued.

6. The hours of work per working day may continue to be eight hours.

7. Overtime may be calculated at 1½ times the basic wage and the proportionate dearness allowance to the actual overtime worked at the normal rate be added on to it.

8. As both the Labour Associations and the employers are of opinion that it is not practical at present to fix workloads, the Committee is unable to recommend minimum workloads at present. But proper time and motion studies should be instituted on a scientific basis so as to enable workloads to be fixed.

9. The basic wage for an unskilled surface worker fixed in respect of a cost of living index number of 160 (treating that of 1936 the base year as 100) should be Re. 1 per day or Rs. 26 per month of 26 working days. An increase of three annas to the daily rates of wages will be given to workers of all the other categories on the Mines and the K.G.F. Electricity Department according to Schedules I (*b*) and I (*c*). An increase of Rs 5 per month will be given to monthly-rated employees.

10. The cost of living allowance (dearness allowance) may be fixed for the present at Rs. 22 per month. It may be paid at the rate of Rs. 22 per month to all employees.

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11. The supply of essential commodities at concession rates to the workers may be continued, the cash value of such concession at present being Rs. 2-9-9. If the cash value of this concession decreases, the difference should be added on to the dearness allowance.

12. The distinctions in grade and wage differentials between different categories as found in the schedule of wages [Schedules I and I(*a*)] of the Mining Companies may be accepted and maintained.

13. Minimum rate of wage for piece-work is fixed as in Schedule III.

14. Minimum rate of wages for monthly-rated employees is as in Schedule II.

In our deliberations we have taken into consideration only the circumstances and the conditions of work and standard of living in the Kolar Gold Field area. Having regard to the cost of living in the K.G.F. which is higher than in other parts and the hazards and peculiar conditions attached to work in the Gold Mining industry, we have made our recommendations in regard to minimum wages for workers in this area. We have to emphasise that the minimum wages recommended are entirely regional and apply only to this industry and should not be taken as standards applicable to other regions or other industries. The Committee hopes that the reaction of minimum wage fixation on those whose interests are most directly concerned, will be as stated in the "Minimum Wage" of the I. L. O. (page 46). "Employees in general evidently value compulsory arbitration as a method of securing uniformity in conditions of competition as a means of adjusting wages and working conditions with a minimum of the loss and friction caused by industrial disputes; while the workers see in it a necessary safeguard for groups whose bargaining power is slight and a possible means of maintaining the general average of wage rates at a somewhat higher level than might otherwise be obtained. By the community as a whole it is valued for its services to the cause of industrial peace."

The K.G.F. Pay Commission made a suggestion for giving grants of agricultural lands to such of the workers as would like to settle on lands. They state "The Government will have to look forward to a time when this large population should be made to settle itself on the Kolar Gold Fields. In order that the workers on the Mines may be available for any future industries which the

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Government may have to set up in case any one Mine or all the Mines have to be closed down on being exhausted, it would be advisable to grant lands on the Kolar Gold Fields or nearby to such of those as would like to settle down here permanently and many of them would do so since several families have settled down here for more than three or four generations---and colonies or villages may be formed and the employees may be permitted to build their own houses and settle down there. There are, living with the employees on the Mines, women and other adults who can do some work for their own benefit during hours which they are now idling away. For this purpose cottage industries may be introduced in the houses of such villages or colonies to benefit not only the employees but also their dependents. This will also in some way add to the income of the employee and his dependents and will lead to the economic happiness and prosperity of the employees."

We would also commend this suggestion for the consideration of Government. This will give the workers a subsidiary occupation and will also relieve the housing problem to some extent. In the Constitution of India, the promotion of cottage industries for workers is commended as a directive principle of State Policy.

In conclusion, we express our thanks to the Labour Associations and the employers for furnishing us with all information and assisting us in understanding their view-points. Our thanks are also due to the Secretary and the staff for their efficient co-operation.

(Sd.) C. SUBRAHMANYA AIYAR,
,, V. VENKATAPPA,
,, PETER BEST,
,, T. WILLIAMS,
,, H. J. SKINNER,
,, *J. M. IMAM,
,, †A. RATHNASABHAPATHY,
,, †S. O. BAGYANATHAN,
,, ‡L. SUNDARARAJA IYENGAR.

* Mr. J. M. Imam who has approved of the report has written a letter that he may be deemed to have signed the report.

† Subject to a note of dissent.

‡ Subject to a note of dissent.

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**Dissenting Note by Sri L. Sundararaja Iyengar.**

I very much regret indeed, I am unable to agree with the majority opinion in regard to the fixation of the minimum wage for the worker in K. G. F. and also the various observations made in the Report. As I differ fundamentally in regard to the family unit on which depends the cost of a family expenditure, I cannot agree for fixing the minimum wage of Re. 1 for unskilled surface worker and Rs. 1-4-0 for an underground worker. We are asked by the Government to recommend the minimum wage for the present workers. But it is evident from the decision of the Committee that it does not in any way help them as the minimum wage fixed now may help the future entrants. But that is not our concern. I am glad the employers have agreed that the present is insufficient. The Committee has relied for the decision on the survey conducted by the Labour Commissioner's Office in 1942. I am not disputing the correctness of the figures and I do congratulate the Department for bringing out such a useful statistics. I only differ so far as the number of earners in the family cited in the Report is concerned. For argument sake, I am prepared to agree with the Report that the average family unit is 4·4. It is very near to my contention of 4·5 as the average family unit. I cannot agree that for this family unit the earning members is 1·28. In the first place, there is no permanency even for the main bread-earner for whom we are fixing the minimum wage. It may be that some one a relative of his and a casual worker might have been present at the time an economic survey was made or that one of his children might have been temporarily engaged on a small pittance. It is surely wrong to take these two categories of workers as earners for the purposes of calculation. The very idea of a worker compelling his son a boy to assist him in maintaining the family is nauseating. In a civilized state the son is expected to complete his education at least up to a S.S.L.C. standard. If only this boy had been given educational facilities not only the father would have to lose that much of income through his son, but also had to incur additional expenditure on the boy's education. I therefore have no hesitation in not agreeing to this figure of 1·25 earning members in a family of 4·4. If this view had been

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accepted by the Committee then there would not have been much difficulty in fixing the actual basic wage for the worker. I give below statistics of families collected by the Rationing Authorities in my own Taluk, Kuppam (Bordering K.G.F. area).

Eight thousand, three hundred and ninety-nine families—31,282 adults—11,929 children—total 74,993 units for the purpose of drawing rations which is two units per adult, the average unit per family is 8·87, *i.e.*, 4·44 family unit or 4·5.

N.B.—This excludes children under 2 years who have since been allowed rations as per the Madras Government.

As already observed by me by conception of an average family unit is husband, wife and four children (one of whom is above 12 years who is considered as an adult for the purposes of drawing rations and the other 3 children equal to 1½ adults. Total coming to 4·5.) I do not agree with the Western Theory that women eats less than man, on the other hand, our Indian Theory is woman eats twice that man eats. The statistics show that the average family in the western countries is between 3 and 4 and only one earner. The conditions in India are different. Next to China, India is the highly populated. While the death rate due to mal-nutrition is the highest in India, the birth rate is equally the highest and so the average of a family unit in India can never be fixed below 4·5. I therefore cannot agree to the Committee's view that the unit should be taken as 3·44 for fixing the family budget and the minimum wage.

It can be seen from these figures that the average family unit comes to about 4·5. I know there is only one in the family as a bread-winner. I therefore under no circumstances can agree to a family unit of less than 4·5 for one earner. Coming to the family budget the statistics of the Labour Commissioner's Office may be correct so far as their enquiry is concerned; but there is always this fact to be remembered that the commodities in the open market are not available at the same rates as fixed by the Government. That has been our practical experience, so that something more has to be added on different items of expenditure detailed in the cost of family budget. Secondly, dearness allowance is being paid due to abnormal increase in cost of foodstuffs and other necessities of life. It is therefore reasonable and

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just that if the basic wage is fixed at a certain figure the dearness allowance should be so fixed as to be in tune with the proportionate increase in the number of points of cost of living index. I have therefore to disagree with the majority opinion for fixing the present rate of Rs. 22 as dearness allowance. In order to arrive at a fair and just conclusion regarding the fixation of minimum wage, it is necessary to understand the origin, growth and the present system of working of the Gold Mining Industry in K.G.F. In this connection I have no hesitation in agreeing with the opinion expressed by the Labour Association to the effect that "though the permanent employees are paid low, the covenented employees both Indian and Foreign are paid huge salaries that high officials of the Government of India may envy. It is this class of employees which swallow a good share of income of the Mining Companies, so that low paid employees are always left in want and misery". It should therefore be our duty to see that this wide disparity in wages paid to these two classes of workers is brought down in such a way that the minimum wage of the daily worker is considerably raised. I cannot agree for the moment with the contention of the Management that while the wages of the workers are increased the production is going down. As a Labour Representative knowing the conditions of labour unrest in K.G.F. for the last 10 years, I should throw the entire blame on the Management for the state of affairs. I do agree there is less production. But what is the reason I ask? It is not because the worker does not want to work. He is there to work and earn his wages. His only complaint is that the wages paid is not enough even to keep his body physically fit to dash the rock of gold underground. It is the common joke of the employers to dub the worker as inefficient, lazy and irresponsible and yet it is strange that the employer is still able to show a surplus. It only reveals the mentality of the capitalist. I can do no better than quote the opinion of Mahatma Gandhi. In regard to his opinion about the efficiency of the worker he says "It is my universal experience that as a rule labour discharges its obligations more effectively and more conscientiously than the Master who has corresponding obligations towards the labourers". Equally so I do not agree with the employers' contention that because there is not much income in Gold Mining Industry now they are unable to pay a decent minimum wage. In this

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connection, I have only to quote Pandit Jawaharlal, our beloved Prime Minister of India in one of his writings has said "Altogether these two years (1928-1929) are full of industrial unrest, and the condition of labour were deteriorating. The present two years had been boom years for industry in India and the most stupendous profits had been made. For 5 or 6 years the average dividend in the Jute or Cotton Mills exceeded 100 per cent and so often 150 per cent per annum. All these huge profits went to the owners and shareholders and the workers continued as before. The slight raise in wages was usually counter-balanced by raise in prices. During these days when millions were made feverishly most of the workers continued to live in the most miserable howels and that their women folk had hardly clothes to wear. The conditions in Bombay were bad enough, but perhaps even worse was the lot of jute workers; within an hour's drive of the place of Calcutta semi-naked women, wild and uncouthed working away for the barest pittance so that a broad river of wealth should flow ceaselessly to Glasgow, and Dundy as well as to some parts in India.

In the boom years all went well for industry, though the workers carried on as before and profited little. But when the boom passed and it would not so easy to make large profits. The burden of course fell on the workers. The old profits were forgotten; they had been consumed and if profits were not now sufficient, how could the industry run". Let me take this opportunity to urge the members to understand the significance of Pandit Jawaharlal's utterance again "Poverty anywhere is dangerous to prosperity everywhere". He has in his message to the recent Asian Labour Conference held in Ceylon said "The problem of political freedom having been largely solved, we have now to face the more difficult and intricate problems of economic advance. We face in Asia industrially, and economically backward, but with a new social consciousness and with labour wide awake, insistant and sometimes turbulent we may criticise the spirit of turbulence and regret it. But let us remember that for generations past this labour has seldom a square-deal and if they are insistant in their demands are we to condemn them?"

I do not under-estimate the difficulties and responsibilities of this Committee. I do claim to be

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representing the labour interest in this Committee, and whatever I say is what I conscientiously feel in the interest of only not only, the labourer, but also in the interest of both the Management and the Government. As a Socialist, my views on labour are definite and if I may be permitted to say that a worker must be made an equal co-partner in the industry. I wish to quote what Mahatma Gandhi has said in this regard :—" The greatest political contribution therefore the labourers can make is to improve their condition, to become better informed to insist on their rights and even to demand proper use by the employers of the manufactures in which they have had such an important hand, the proper evolution therefore would be for the labourers to rise themselves to the status of *part-proprietor*". As President of the K.G.F. Central Committee Labour Association my stand towards the Management is quite different. I am not at all happy over the way in which the labourer is being treated by the Management at present, but that is not within the scope to review here. I am here only as a member of this Committee and I am proud to call myself a representative of the employees as defined by the Government but still I consider myself as an impartial and judicial member and what all I am saying is with that capacity of outlook alone and I am saying all these with full sense of responsibility and it is therefore not with pleasure that I have had to disagree with the majority opinion. I have got the great respect for the views of the other members of this Committee, and particularly to the Chairman who has I am glad to say conducted the Proceedings of this Committee judiciously throughout. It is all the more regretable that I am not able to reconcile myself to the views of our illustrious and fair-minded Chairman. I am glad the Chairman and the members have given me freedom to express my dissenting note although I know the Act itself gives that scope. I sincerely tried my best to see if I could fall in line with them, but it has not been possible for me to do so. I know that it is not within our scope to fix the maximum wage in this industry; neither are we competent to fix the increments. But I am glad to know that the Management are prepared to give bi-annual increment to the workers, whatever may be the sum. In order to fix the basic wage I feel it is quite essential to know on what basis or logic or on what moral the Covanented Officers are paid abnormally high wages and huge allowances of

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varied descriptions. It is this system that is responsible for the workers' feeling of unfair treatment on the part of the Management. The Management say that the present wage for unskilled surface worker is Re. 0-13-0 and for an underground skilled worker is Rs. 1-1-0 per day. They also confess that they are paying for only 26 days in a month. It comes to this in actual working that it is not actually Re. 0-13-0 and Rs. 1-1-0 per day, but it is only Re. 0-11-3 for a surface worker and Re. 0-14-6 for an underground worker in a month of 30 days. The worker to-day is not paid for holidays like Sundays. In the year of grace 1950 it is astonishing that the Management speaks lightly on this issue and justifies his stand for not paying wages for holidays. What is this holiday without wages? I cannot too strongly condemn the attitude of an employer not paying wages for holidays. I am glad there is a provision in the Minimum Wages Act that whatever be the daily minimum wage fixed, it should be paid to the worker even for holidays. Coming to the main question of what is the minimum wage, I agree with the Committee's view that it is the minimum basic wage *plus* dearness and all other allowances. The minimum wage fixed by this Committee, *i.e.*, Re. 1-0-0 for surface worker is not really so in as much as it includes the Attendance bonus of Rs. 1-8-0 per month that is being paid and one anna being the Provident Fund that the employee has to contribute. If a total of two annas per day on account of the above two items is deleted, the basic wage comes to only Re. 0-14-0 per day. The present wage is Re. 0-13-0 for an unskilled surface worker and the basic wage fixed is only at Re. 0-14-0. This cannot be considered as adequate increase over the present wage level. When the Committee is of opinion that what the Management is paying is not the minimum basic wage and in fixing the basic wage now, when the Committee takes into consideration the report of the survey made by the Labour Commissioner's Office it logically follows that this basic wage should have been paid to the worker in 1942, when the survey was made. I am certainly sorry therefore that the Committee had not taken into consideration this aspect; if this had been done, I am sure with the basic wage fixed at one rupee in 1942 and the Management agreeing to give bi-annual increment even at one anna the minimum basic wage now should have been fixed at least at Rs. 1-4-0. I am only drawing all these facts to merely

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show that the stand of the Labour Associations in demanding the basic wage for an unskilled surface worker of Rs. 1-8-0 to-day is just and reasonable, although my figures as per calculations have come to Rs. 1-9-5 as the basic wage per day. I am agreeable to reduce it to Rs. 1-8-0 as demanded by the Labour Associations. If Rs. 1-8-0 can be fixed as basic wage in 1942, when 160 was the cost of living index, it is quite reasonable that the dearness allowance and other allowances should be at least another Rs. 1-8-0 per day or Rs. 45 per month for a living index of 320. The present living index in K.G.F. is certainly more than 320. But for purposes of calculation I am content to take 320 as the living index and I have therefore no hesitation in recommending the allowance of Rs. 45 per month. In all, I recommend a basic wage of Rs. 1-8-0 per day to be paid for 30 days, *i.e.*, Rs. 45 per month *plus* Rs. 45 allowances, in all Rs. 90 as a minimum wage for a surface unskilled worker. I agree that an addition of Re. 0-4-0 should be paid to the underground worker. It can be seen from the statement of the Labour Associations that they have demanded a minimum wage of Rs. 118-14-0 for a surface worker. I cannot say their demand is unjust or exhorbitant, but I have deliberately refused to comply with the demand of the Labour Association for just this simple reason that I feel just that the worker also should sacrifice a bit, more as he has already sacrificed too much when the country expects and deserves voluntary sacrifices from all concerned. I know that the labour in K. G. F. is grownning under semi-starvation from a long time, and I can only attribute this as the main cause for under-production, if any, and I am glad the Chairman also agree with this view as per his following observation " It is also possible that the wages paid are themselves the cause of lower productivity ".

One thing to be borne in mind is that Government is also a partner in this industry, in as much as it realizes a huge sum as taxes ; I think it is natural and reasonable for the Government to levy taxes on rich and profitable industry like this Gold Mining Industry. I would add that in the national interest any State should do that. In my opinion this is a fit industry for nationalisation, but it is not within the scope of this Committee to give opinion on this subject. The subjects like nationalisation or socialisation of the industries are

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beyond our purview. But I have no hesitation in saying that whether it is nationalised or private managed, it is in the interests of the employers themselves that the labour should be kept contented and above wants. The question is asked as to how the present low wage level of the worker can be raised. Fortunately we are on the eve of celebrating the new born Republic of India.

In the Constitution of India Act, the ideal of the State Policy in Section 43 is quoted as below :—"The State shall endeavour to secure by suitable legislation or organisation or in any other way to all worker, agricultural, industrial, or otherwise work a living wage conditions of work ensuring a decent standard of life and full enjoyment and leisure and social and cultural opportunities and in particular, the State shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas. We should not forget that it is the Congress which guaranteed payment of a minimum of Rs. 30 per mensem as wages to a worker under Swarajya Government, is now in power. If Rs. 30 should be the basic wage in 1929 my suggestion to fix Rs. 45 in the year 1950 can under no circumstances be considered as abnormal or unreasonable. I therefore recommend to the Government to approve of my suggestion and I hope it will do so. Even if my suggestion is not accepted I have this consolation that I have discharged my duty as per my conscience, which is the sole Judge of all my actions. Before thanking the Government for giving me this opportunity to serve labour in the interest of both the Management and the Government I have to make one observation on the hours of work. I am really sorry that the Committee has not thought fit to reduce the number of hours of work for the underground labour. We had the opportunity to see with our own eyes the hard sweated labour without any breeze whatever to blast the rock. I think it is quite essential both in the interest of the labour as well as the Management that the hours of work in the underground should be reduced to 7 hours per day. It is my considered opinion that both the Government and the Covenanted Officers employed in this Gold Mining Industry should voluntarily forego a portion of their income in order that the present low wage level of the worker may be raised a little, which is the aim of the Government in enacting this Minimum Wages Act. Let me conclude with the hope that in the every day

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changing conditions of the world, the labour will come to its own and that both the Management and the Government will treat the labour with that human touch that is necessary for the progress of the mankind and the nation as a whole.

*"JAI HIND".*

BANGALORE,
*Dated 25th January 1950.*

*Member,*
*K.G.F. Minimum Wage Committee.*

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**Dissenting Notes of Messrs. S. O. Bagyanathan and Rathnasabhapathy.**

1. As we have fundamental difference with the views expressed in the majority report, we are submitting this dissenting minute, with much regret.

2. The labourers in Kolar Gold Fields have been persistently demanding living wages. The Gold Mining in Kolar Gold Field is unique in India. It takes second place of importance in the Gold Mining Industry of the World. As such the wages offered to the workers, employed by the Gold Mining Companies of K.G.F. must be adequate and consistant with the modern conceptions of the term "living wages". Unless the labourers are paid, in a just manner, it is idle to talk of dutiful and patriotic service.

3. This Board has been constituted to make recommendations to the Government, as to the minimum wages of various categories of employees of Mining Companies and the K. G. F. Electricity Department. It is admitted by all parties that, what is meant by "minimum wage" is living wage and not subsistant wage or fair wage. The Mining Companies in their statement (Para II) says: "It is submitted that the Mysore Minimum Wages Act does not define the term "Minimum Wage" but from the explanations given in Section 5, it is assumed that it means a "*Living Wage*". So this Board is called upon to make the recommendations as to what constitutes living wages to various categories of employees of the four Mining Companies and the K. G. F. Electricity Department.

4. Three terms are generally used in connection with the wages of labourers:—(1) Subsistence wage, (2) Fair wage, and (3) Living wage. What is meant by 'Subsistence wage' is that, paid by a master to his slave to keep the slave's body strong so that it may render him effective service. What is meant by 'Fair wage' is that, paid by an employer to his worker to have him and his dependents fed, clothed and live in some comforts. 'Living wage' is a modern conception which provides, not only, all creature comforts to the worker and dependents but also puts enough in his hands to be a useful and progressive citizen. Awakened and organised labour will not be content with anything less than living wages. If Communism is not making headway in America or Switzerland, it is because the employers in those countries are wiser than their counterparts in other countries and

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pay their employees living wages. In new India, it has become a patriotic duty for an employer to pay living wages to his employees. Weighing the recommendations of this Committee against these considerations, we must confess our disappointment that the suggested minimum wage (of unskilled worker) is far below my idea of what is minimum wage of an unskilled worker.

5. The Labour Associations in their list of monthly family expenses have included medical expenses, education expenses and marriage expenses. But, unfortunately, this Board has discarded these expenses. Except for elementary education, the labourer has to spend money for the education of his children, unless he keeps his children, equipped for nothing but unskilled manual labour.

6. The assumption of this Board that the labourer spends nothing in the way of medical expenses is erroneous. The Company Hospital looks to the medical needs of the labourer only but not of the other members of his family.* Of course, there is the Civil Hospital. But it is notorious that to get effective medical treatment, one has to spend a little money. Like anybody else the worker spends a little money, from time to time, over medical treatment.

7. Again, so long as the worker is having male and female children he has to put by a little money for the marriage expenses. There is nothing strange or extraordinary about this. It may be that there are a few items in the family budgets, submitted by the Labour Associations, which are a little exaggerated. But the expenses for education, medical treatment and marriage are genuine.

8. According to our calculations, for expenses other than those for the education, medical treatment and marriage, an unskilled surface labourer is entitled to get a daily wage of Rs. 1-1-1. According to this, expenses for medical treatment, education, marriage and dhoby, the labourer has to get a daily wage of Rs. 1-8-0, as demanded by the Labour Associations.

9. We should have no complaint, if it is recorded that what is recommended is not "living wages"; and it is open to the labourers to fight for living wages, in future. But to have recorded that what is now recommended is living wages, is to block the way of the Labour Associations in their fight for actual living wages.

*Except at the discretion of the Superintendent.

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10. The Labour Associations in their statement (last para) appeals to this Board, thus, "We trust that this Board will make effective recommendations that the question of wages will be settled, once for all, and the labourers will settle down to do their useful work for the benefit of the nation". We wonder whether the recommendations of this Board are a fitting response to this earnest appeal.

11. The Labour Associations in their statement requested this Board not only to fix the 'minimum wages' of unskilled labourers but also to fix the minimum wages of various categories of skilled workers and artisans, such as, carpenters, fitters, etc. But it is to be noted that no scientific approach has been made to fix the minimum wages of those categories. The Board recommends an increase of three annas in the daily wages of an unskilled worker and adds three annas to the daily wages of skilled workers, without cogent reason. Is that scientific?

12. The Labour Associations in Kolar Gold Fields have been clamouring to tack the dearness allowance to the cost of living index, as it is done in many industrial concerns in Bangalore, Madras and Bombay. This Board calls the Fields a local area and recommends a flat rate of dearness allowance. But when it is known that the cost of living index of K.G.F. is higher than that of Bangalore, the recommendation falls flat. In our opinion, whether Kolar Gold Fields is a local area, village area, or urban area, it should be reasonable to pay dearness allowance to labourers according to the local cost of living index.

13. Though we have recorded our differences with the majority report, as in duty bound, we wish to express our deep regard for every member of the Board, especially its illustrious Chairman and take the opportunity to thank the Government for having given us a chance to serve the cause of labour, which we deem is the cause of God.

*1st February 1950.* (Sd) A. RATHNASABHAPATHY.

(Sd) S. O. BAGYANATHAN.

*Note.*—The case for "Living wage" for workers has been referred on the floor of the Legislative Council on 24th June 1946 by the Member representing K. G. F. *cum* Bangalore Labour Constituency. Though nearly four years have passed since that reference has been made, still nothing has been satisfactorily done regarding that.

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